

**TRANSYLVANIA COUNTY
NORTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

**TRANSYLVANIA COUNTY
NORTH CAROLINA**

Comprehensive Annual Financial Report

For the Year Ended June 30, 2019

Prepared by the Finance Department

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**TRANSYLVANIA COUNTY
NORTH CAROLINA**

JUNE 30, 2019

BOARD OF COUNTY COMMISSIONERS

MIKE HAWKINS, CHAIR

DAVID GUICE, VICE CHAIR

PAGE LEMEL

JASON CHAPPELL

WILL CATHEY

PRINCIPAL OFFICIALS

COUNTY MANAGER
Jaime Laughter

FINANCE DIRECTOR
Jonathan Griffin

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TRANSYLVANIA COUNTY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019

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**INTRODUCTORY
SECTION**

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BOARD OF COMMISSIONERS
Mike Hawkins, Chair
W. David Guice, Vice-Chair
Will Cathey
Jason Chappell
Page Lemel



COUNTY MANAGER
Jaime Laughter
828-884-3100
Fax 828-884-3119

101 South Broad Street
Brevard, NC 28712

November 20th, 2019

The Board of Commissioners
Transylvania County
North Carolina

The Comprehensive Annual Financial Report of Transylvania County for the fiscal year ended June 30, 2019, is hereby submitted. Laws of the State of North Carolina along with policies and procedures of the North Carolina Local Government Commission require that all local governments in the state publish a complete set of financial statements annually. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited by licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America.

The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm of Martin Starnes & Associates, CPAs, and P.A. The firm has rendered an unmodified opinion, which appears at the beginning of the financial section of this report. The responsibility, however, for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with Transylvania County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner to present fairly the financial position and results of operation of the various activities and funds of the government. All disclosures necessary to enable the reader to gain an understanding of the government's financial transactions have been included.

The County is also required to undergo an annual single audit in conformity with generally accepted auditing standards; the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States; and OMB Uniform Guidance, **Audits of States, Local Governments, and Non-Profit Organizations**, and the State Single Audit Implementation Act. Single audits focus not only on the fair presentation of financial statements but also on the County's internal controls and compliance with legal requirements, particularly in the administration of federal and State grants. Information related to this single audit, including the schedule of expenditures of federal and State awards, findings and questioned costs, and the auditor's reports on internal control and compliance with laws and regulations, is submitted in a separate document. It should be noted that there are, however, inherent limitations in internal controls. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

The Comprehensive Annual Financial Report covers all of the activities and funds of Transylvania County government. None of the other organizations with whom the County is affiliated meet the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides an introduction, overview, and analysis of the basic financial statements. The discussion and analysis complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF TRANSYLVANIA COUNTY

Transylvania County was established in 1861 under North Carolina General Statute 153A-10. Located in the southwestern portion of North Carolina, the county is 35 miles southwest of Asheville, North Carolina; 136 miles southeast of Knoxville, Tennessee; 60 miles north of Greenville, South Carolina; and 170 miles northeast of Atlanta, Georgia. Seventy-five percent of the United States' population lives within a day's drive of Transylvania County. The county has a land mass of 379.7 square miles, nearly half of which is held in three state parks and two national forests. Elevations in the county range from 1,265 feet in the Horsepasture River Valley to 6,045 feet near the Blue Ridge Parkway.

According to the NC Office of State Budget and Management, the certified population estimate for Transylvania County as of June 30, 2019 was 35,777. There are two municipalities within the county: the City of Brevard, which lies near the center of the county and serves as its seat, and the Town of Rosman. The county has a commissioner/manager form of government. The five members of the Board of Commissioners are elected from the county at large on a partisan basis for four-year staggered terms. Commissioners hold policy-making and legislative authority and are responsible for adopting the annual budget ordinance.

In addition to electing the Chairman each year, the Commissioners appoint the County Manager, Tax Administrator, County Attorney, and Clerk to the Board. The County Manager is responsible for preparing and presenting the annual budget, implementing policies, managing daily operations, and hiring and supervising department heads. The voters of Transylvania County also separately elect the offices of Sheriff and Register of Deeds who fulfill certain constitutional duties.

Transylvania County government offers its citizens a wide range of services including health and social programs, public safety, environmental protection, economic and physical development support, cultural and recreational opportunities, and general administration services.

ECONOMIC OUTLOOK

Transylvania County has a diversified economy based primarily on five sectors: (1) travel and tourism, (2) human services including health care, education, and government, (3) retail, (4) construction and real estate development, and (5) manufacturing. Other contributors include agriculture, financial services, and utilities. These sectors were impacted to varying degrees by the Great Recession of 2008, but all are now showing signs of recovery. As of June 30, 2018, the county's unemployment rate was 4.0%, well below the prior year-end rate of 4.2% and less than the 4.2% June 2018 rate for the State of North Carolina.

Because of the recreational and cultural opportunities available in the area, travel and tourism has long been a major component of the local economy. Within the county's boundaries lie DuPont State Forest, Gorges State Park, and portions of Pisgah and Nantahala national forests. These areas draw visitors who enjoy sightseeing, hiking, rock-climbing, paddling, fishing, and other outdoor activities. Local occupancy tax receipts have grown by double digits in the last several fiscal years, an indicator that travel and tourism to Transylvania County continues on an upward trend.

RESPONSE TO ECONOMIC CONDITIONS

The Board of Commissioners has endeavored to balance citizens' needs and expectations for services with taxpayers' ability to fund them. Since FY2002, County government in Transylvania County has sought to be as lean and efficient as possible to balance the needs of a community experiencing significant economic distress and the needs of a county government dedicated to delivering effective services to its citizens. Beginning in the early 2000's, the manufacturing sector in Transylvania County

ended a period of significant decline with several of the County's largest employers ceasing operations. At this time, unemployment increased rapidly to a peak of 11.6 percent, amongst the highest in North Carolina and the highest level ever seen in the county.

The County's economic conditions had not yet recovered to pre-2000 levels when the United States economy entered a nationwide recession in 2008. This period of deteriorating economic conditions led to County Commissions again needing to make significant and thoughtful choices about how best to balance the needs of its citizens and the needs of effective government services. In January 2010, the unemployment rate again peaked at a higher level than it did in the aftermath of the major industry closures reaching a rate of 11.9 percent. High periods of unemployment led the Board of County Commissioners to endeavor to keep the ad valorem tax rate as low as was possible and to avoid seeking financing referenda to levy any additional local option sales taxes.

Over the last several fiscal years, the Board of County Commissioners has begun to set budgets that have invested in services and amenities for County residents via increased appropriations to public safety agencies, the County's economic development agency, Blue Ridge Community College, and included several transfers set aside to fund major capital improvements in the County. Budgets beginning in FY 2014 have made increasingly large investments in the County's core services, with the latest budget, that of 2019, at \$51,653,685 representing a nearly 12% increase over 2014's baseline.

The most recent property tax revaluation occurred in 2016 and resulted in an 8% overall reduction in the tax base, which reflected the nationwide decline in the housing market that began shortly before the County's January 1, 2009 property revaluation. There have been positive signs in the growth of the County's tax base, however an increasing number of properties going into conservancy in the County has in some fiscal years offset that growth. The County's tax rate remained at \$.5110/\$100 in FY2019, though it will increase in the future as needed to begin the voter-approved projects to fundamentally overhaul and renovate the County's two high schools.

At the most recent evaluation of the County's borrowing capacity, both Moody's Investors Service and Standard & Poor's rated the County as Aa2 and AA, respectively. The primary factor for this change is the sharp decrease in the County's revenue to debt ratio strongly improved by the final maturity of the County's prior general obligation bonds.

Operating County government more efficiently and economically continues to be a goal that is actively and consistently promoted throughout all levels of the organization.

MAJOR INITIATIVES

Economic Development

In 2019, the County successfully closed out a large capital project to build economic development resources in Transylvania County. The Sylvan Valley Light Industrial Center, constructed through a partnership between the County, the City of Brevard and the Transylvania Economic Alliance at a cost of approximately \$5.0 million, expanded the square footage available for light manufacturing in Transylvania County. Net income from lease payments will be prorated between the County and TEA with a portion of the funds slated to be reinvested in future economic development projects and a portion to restore amounts allocated from the County's general fund balance.

Parks and Recreation

In FY2019, the County Commissioners undertook several steps towards implementing a master plan for Parks and Recreation facilities in the County to improve the availability and amenities at several facilities.

In the most recent fiscal year, the Board of County Commissioners has approved the following projects in accordance with the adopted master plan:

- 1) Additional athletic facilities at the Parks and Recreation Activity Center on Ecusta Road and other improvements at the Activity Center
- 2) Appropriations to both the City of Brevard and Town of Rosman to assist with the creation of and upkeep of recreation amenities
- 3) Adoption of a master plan for Silvermont Mansion and Park.
- 4) Consideration of additional park land purchases to supplement existing facilities.

The Board of County Commissioners has also been deliberately building an assigned fund balance to fund future projects with anticipated further expenditures in FY2019 and beyond.

Public Safety

The Board of County Commissioners has authorized staff to proceed in 2019 with an extensive project to install and upgrade the entire radio system for use by emergency services in Transylvania County. The existing analog VHF repeater system has been determined to no longer meet the needs of law enforcement, fire and rescue and emergency medical services to communicate while out in the field, particularly in the remote areas of Transylvania County. The project's budget is approximately \$1.1 million and is funded through the County's fund balance.

The County will also consider the relocation of its current primary EMS station in the coming years as well, as the development of traffic patterns and equipment needs have rendered the current facility functionally obsolete. It is not clear at this time where the new facility might be reasonably located.

For The Future:

Transylvania County plans to address several major capital needs over the course of the next several fiscal years.

Transylvania County Courthouse

In FY2017, the County Commissioners determined that a full-scale relocation of court facilities in Transylvania County was the most viable way of addressing the space, safety and service constraints imposed by the historic Courthouse facility. The current County Courthouse's core structure was constructed in the 1860s and 1870's which imposes several significant logistical hurdles that are difficult to address on the site.

During FY2019, there were continued issues with the facility that led North Carolina judicial branch staff to close some functions of the historic Transylvania County structure, which may lead the County to need to take the issue up again in FY2020 or beyond. At this time, future Boards of County Commissioners will need to determine the scope of future work to address this need for the citizens of Transylvania County. This is an ongoing discussion between various elements of the community, including concerned citizens, the legal community, the City of Brevard and the County government.

Transylvania County Schools

The Transylvania County Board of Education has identified a number of extensive renovations and repairs needed for its eight existing campuses and facilities, ranging in age from four years to 72 years, to update aging infrastructure, replace square footage at the end of its useful life, and bring educational spaces up to recommended State standards.

In November 2018, they successfully sought and achieved passage of a \$68,000,000 general obligation school bond which will benefit the campuses of Brevard High and Rosman Middle/High. The County government and the Board of Education entered into an expansive interlocal agreement to govern the processes and construction project for these projects, including the formation of a subcommittee advisory board with representatives from both organizations.

Transylvania County Classification and Compensation Plan

In 2019, the County authorized staff to enter into contract with a qualified professional consultant to study and make recommendations to address compensation issues across the County. As has been discussed by staff and the Board, the County has lagged competitor agencies and the private sector in compensating County professionals at all levels of government. This has led to increasingly high levels of turnover at all levels of the County, from the front line to the department head level.

It is planned that a new pay philosophy and compensation schedule will be implemented in fiscal 2020, with a large earmark planned to fund implementation in the FY 2020 budget.

STRATEGIC PLAN

In January of 2016, the Board of Commissioners adopted the Transylvania County Strategic Plan for 2016-2021 and recently reaffirmed the goals of that plan at a meeting in August 2019.

The process began with an analysis of the County's strengths and weaknesses and an assessment of the opportunities and threats facing the County. Based on that study and the input from community stakeholders as well as staff, the Board set the following six long-term goals:

1. Economic Development: Diversify the local economic tax base, increase jobs for citizens that pay a living wage, and create a stable local economy that capitalizes on the unique quality of life and environment found in our community.
2. Education: Ensure that the education environment facilitates learning and students are being prepared for a successful future. Increase the resources available for enhancing education for all ages.
3. Visitation: Create vibrant nodes of economic and civic activity that create a draw for visitors as well as a platform for community engagement.
4. Environmental: Provide sound management of and maintain the wealth of natural resources in Transylvania County to support the local economy and quality of life with plans in place to assure long-term viability.
5. Quality of Life: Enhance the community's quality of life by providing resources that promote health, transportation connectivity, sense of place, cultural heritage, and public safety with a service-driven, transparent and performance-based government agency.

Since the strategic plan's adoption, the Board has referred to it as a guide for policy and budgetary decisions to assure that governmental activities and annual funding appropriations move the County forward to the realization of the six goals.

While the adoption of the Strategic Plan underscored the Board's recognition of the importance of long-term planning and commitment to expanding the process, the County has for many years prepared a multi-year capital plan for significant equipment acquisitions, building and land improvements, and new facilities. Using the strategic plan as a framework going forward, the County may analyze and plan for other critical long-range needs.

OTHER INFORMATION

CERTIFICATE OF ACHIEVEMENT: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Transylvania County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS:

The preparation of this report could not have been accomplished without the contributions of the Finance Office staff, whose knowledge, diligence, and dedication lay a reliable foundation for all the County's financial records. Anita, Barbara, Christy, Deanna, Jennifer and Teresa have earned my most sincere gratitude. I also appreciate the cooperation of my fellow department heads in carrying out the financial transactions in their functions responsibly and in compliance with generally accepted accounting principles and regulatory requirements.

In closing, I thank the Transylvania County Board of County Commissioners for their interest and support in planning and conducting the financial activities of the County in a fiscally sound and progressive manner and remain ever thankful for leadership of County Manager Jaime Laughter.

Respectfully submitted,



Jonathan M. Griffin
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

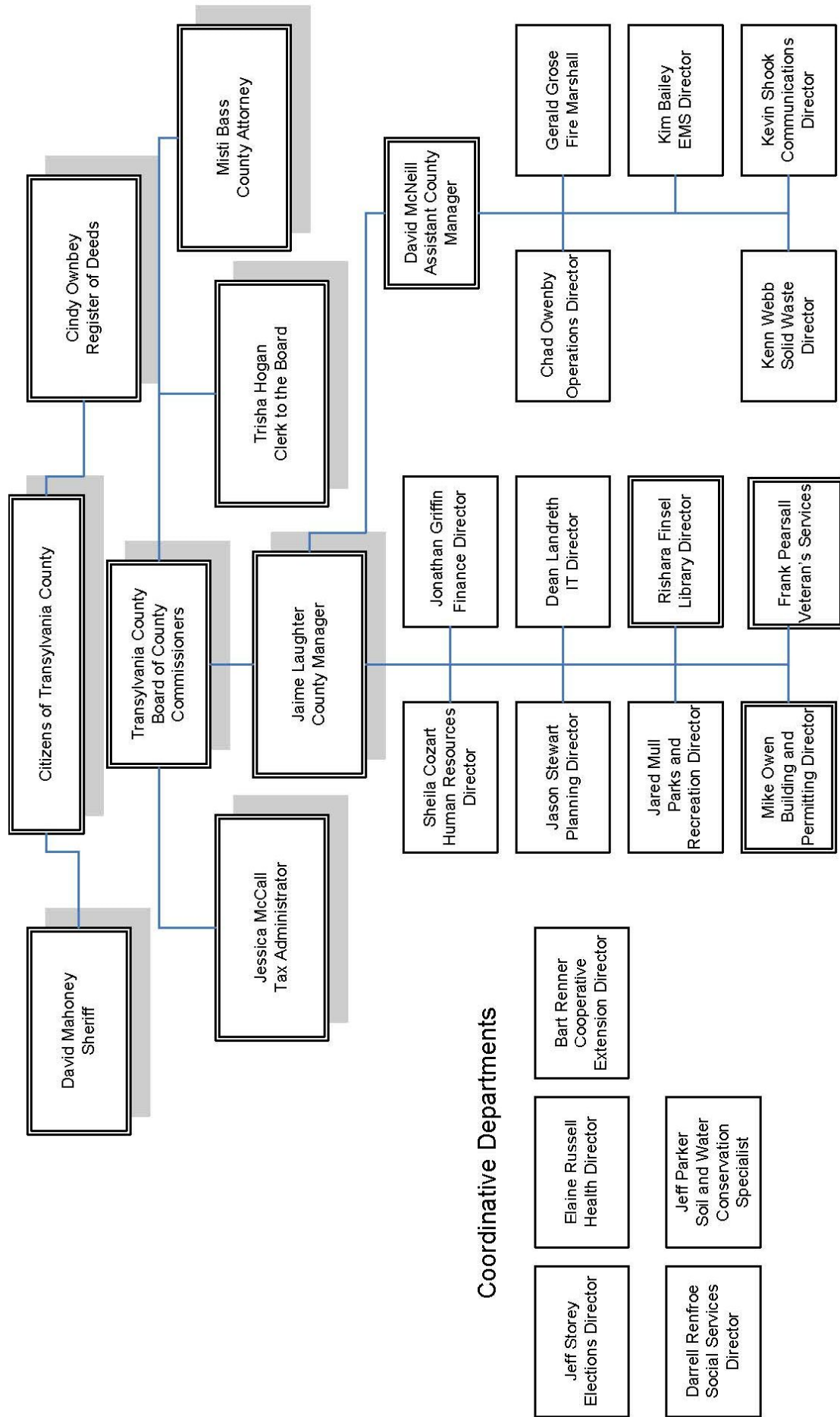
**Transylvania County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO



**FINANCIAL
SECTION**

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Transylvania County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Transylvania County, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Transylvania County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Transylvania County, North Carolina, as of June 30, 2019, and the respective changes in financial position and, cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Other Post-Employment Benefits' Schedules of Changes in the Total OPEB Liability and Related Ratios, the Local Governmental Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset (Liability) and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset (Liability) and Schedule of County Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Transylvania County's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, supplemental ad valorem tax schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, and supplemental ad valorem tax schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to

the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2019, on our consideration of Transylvania County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Transylvania County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Transylvania County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 20, 2019

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Management's Discussion and Analysis

As management of Transylvania County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Transylvania County for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the information provided in our letter of transmittal and in the financial statements that follow this narrative.

Financial Highlights

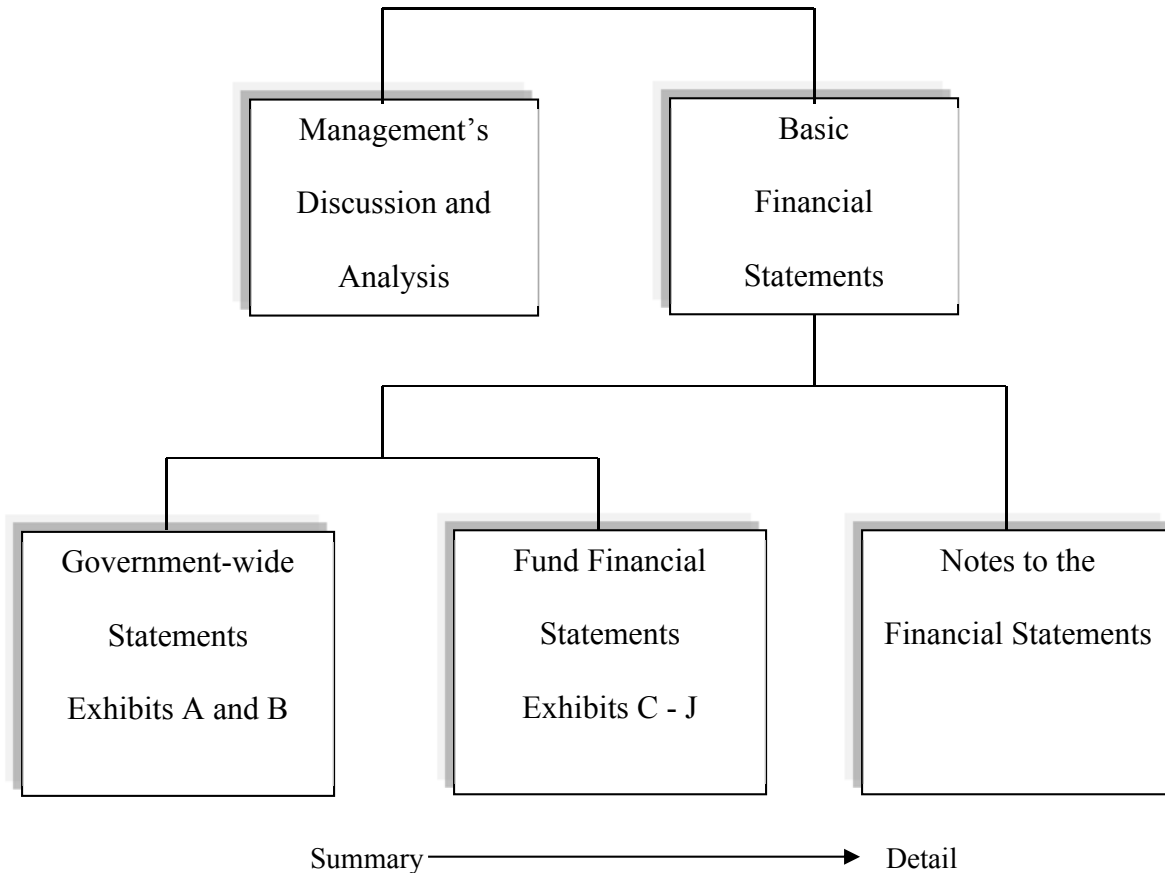
- Transylvania County's assets and deferred outflows exceeded its liabilities and deferred inflows of resources by \$72,485,703 at the end of fiscal year 2019. The net position of the County increased over the prior fiscal year by \$5,524,534 (8.25%).
- The County's General Fund Balance grew to \$33,777,881, an increase driven almost exclusively by the addition of a long-term note receivable in the amount of \$4,652,871 to the County's balance sheet. This exceeded fiscal year 2018's figures by \$7,185,657 or 27.02%.
- At the close of the fiscal year, the County's governmental funds reported combined fund balances of \$35,764,332, reflecting an increase of \$5,775,773 over the prior year or 19.3%. Approximately 13% of the balance is restricted or non-spendable, totaling \$4,890,501. Another 58.7% percent, or 20,997,632 (58.7%) is either committed or assigned for specific purposes, leaving the remaining \$4,200,521 (11.7%) unassigned.
- The County achieved an ad valorem tax collection rate of 99.82 percent in fiscal year 2019, marginally lower than the rate in the prior year.
- As of June 30, 2019, the County had long-term outstanding debt of \$2,493,255,168, down \$508,889, or 17 percent, from the previous year. The County did not assume any new debt during fiscal year 2019 but plans to do so in fiscal years 2020 or 2021, depending on the progress initial stages of the voter-approved high school renovations.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Transylvania County's basic financial statements. These statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County using government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Transylvania County.

Required Components of Annual Financial Report

Figure 1



Government-wide Financial Statements

The government-wide financial statements (Exhibits A and B) are designed to provide the reader with a broad overview of Transylvania County's finances in a manner like private-sector financial statements. The focus of these statements is the measurement of *economic resources* of the County. Prepared using the full accrual basis of accounting, the government-wide financial statements record the impact of all transactions when the transaction occurs. This approach recognizes that the financial implications of certain transactions initiated in the current period can extend into future periods. Consequently, these statements provide both short and long-term information about the County's financial status.

The two government-wide statements present the County's net position at the end of the year and how it has changed during the year. The *Statement of Net Position* (Exhibit A) shows the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, with the difference between the two reported as net position. Net position is divided into three categories based on availability for funding ongoing obligations: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. The *Statement of Activities* (Exhibit B) shows what caused the County's net position to increase or decrease over the most recent fiscal year. Since all changes are reported as soon as the event giving rise to them occurs, revenues and expenses are included in this statement even though the related cash flow may not occur until later. The *Statement of Activities* also compares the costs of the County's various functions with the sources of funding for those activities, highlighting the balance that must be subsidized through property taxes and other general revenues. By examining the government-wide statements, the reader may assess whether Transylvania County's overall financial position has improved or deteriorated as a result of current year transactions and evaluate the adequacy of the County's existing economic resources to support future years' ongoing needs, special projects, and long-term financial obligations.

Transylvania County's government-wide statements are prepared for three categories of activities:

- **Governmental activities** – These activities include the County's basic services such as public safety, human services, culture and recreation, general administration, and education. These services are financed predominantly through property taxes, sales taxes, and state and federal grant monies.
- **Business-type activity** – The only business-type activity that Transylvania County engages in is the operation of a landfill, which is financed primarily through user fees, with supplemental revenues from property taxes and other intergovernmental sources.
- **Component Units** - The County has one component unit: the Transylvania County Tourism Development Authority. The tourism development authority is a legally separate entity and is treated as a discretely presented component unit with its financial activity reported separately on the government-wide financial statements. For more detailed information, please refer to the Comprehensive Annual Financial Report prepared for the Transylvania County Tourism Development Authority.

The government-wide financial statements appear on pages 18 to 21 of this report.

Fund Financial Statements

There are four components of the fund financial statements (Exhibits C through J): (1) the governmental funds statements, (2) the budgetary comparison statement, (3) the proprietary fund statements, and (4) the fiduciary fund statements. These statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Transylvania County's funds may be divided into three categories - governmental, proprietary, and fiduciary. Like all other governmental entities in North Carolina, Transylvania County uses fund accounting to ensure and demonstrate compliance with federal, state, and local financial and legal requirements.

Governmental Funds – Most of the County’s basic services are accounted for in the governmental funds. These functions are the same ones that are reported as governmental activities in the government-wide financial statements. There are two governmental fund financial statements, the *Balance Sheet* and the *Statement of Revenues, Expenditures, and Changes in Fund Balance* (Exhibits C through E). In contrast to the government-wide statements, the fund financial statements report only those transactions that will impact cash in the near-term. The modified accrual basis of accounting is used in their preparation, and the focus is on current *financial resources* – monies remaining at year-end and assets that may readily be converted into cash. Through the detailed, short-term view presented in the governmental fund financial statements, the reader may assess the adequacy of financial resources available to fund the County’s services in the coming year. The relationship between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds is explained in a reconciliation that is a part of the fund financial statements.

In compliance with GASB Statement No. 54, the County’s balance sheet for the governmental funds classifies components of fund balance according to the constraints placed on how resources within the fund balance may be spent and the sources of those constraints. In descending order of limitations on use, the five categories of fund balance are:

- Non-spendable because the amounts are not in cash (such as inventories) or are legally required to be maintained intact
- restricted by external sources such as debt covenants, grant agreements, and statutes, including Stabilization funds which are stated separately on the balance sheet
- committed by formal action of the government’s highest level of decision-making authority
- assigned by the government’s intent for a specific purpose, and
- unassigned, which is available for general use

Please refer to pages 39 - 43 in the Notes for further explanation of these classifications.

Budgetary Comparison Statement – As required by North Carolina General Statutes, Transylvania County adopts an annual budget for its governmental funds, except for those capital projects funds covered by project ordinances. The budget is a legally adopted document that incorporates input from the citizens of the county, requests from the management of County government, and the decisions of the Board of Commissioners about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The *Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual* (Exhibit F) for the General Fund demonstrates how well the County complied with the budget ordinance and whether it succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement presents four columns: (1) the original budget as adopted by the Board, (2) the final budget as amended by the Board, (3) the actual resources, charges against appropriations, and ending balances in the General Fund, and (4) the variance between the final budget and the actual resources and charges.

Proprietary Fund - Transylvania County has one kind of proprietary fund, an Enterprise Fund that is used to account for the County’s landfill operations. The activity shown in this fund is the same as that shown in the business-type activity in the government-wide financial statements. There are three proprietary fund financial statements: (1) the *Statement of Net Position*, (2) the *Statement of Revenues, Expenses, and Changes in Fund Net Position*, and (3) the *Statement of Cash Flows* (Exhibits G through I). Like the business-type activities statements, these statements are prepared using the full accrual accounting method and have an economic resources measurement focus.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Transylvania County has two fiduciary funds, both of which are agency funds: The Social Services Fund and a Miscellaneous Agency Fund (Exhibit J).

Notes to the Financial Statements

The notes explain in detail some of the data contained in the statements and are essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements start on page 31 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplemental information beginning on page 77 about funding of Transylvania County’s pension and other post-employment benefit obligations. The next section provides more detailed information about the major and non-major governmental, proprietary, and agency funds, as well as an analysis of the current tax levy and schedule of ad valorem taxes receivable. The final section of the report contains statistical tables which present trends for financial performance and resources and other key economic, demographic, and operating indicators.

Government-Wide Financial Analysis

Total net position, and particularly changes in net position over time, may serve as an indicator of a government’s financial condition. As of June 30, 2019, Transylvania County’s government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$72,485,703 – reflecting an increase of \$5,524,534 resulting from financial transactions that occurred during fiscal year 2019 (see Figure 2, below.)

Transylvania County Summary of Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Government-Wide Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 37,806,920	\$ 33,085,197	\$ 8,977,393	\$ 8,513,548	\$ 46,784,313	\$ 41,598,745
Net Pension Asset	\$ 60,685	\$ 72,827	\$ -	\$ -	\$ 60,685	\$ 72,827
Capital Assets	\$ 41,156,753	\$ 41,400,385	\$ 3,181,547	\$ 3,402,883	\$ 44,338,300	\$ 44,803,268
Total Assets	\$ 79,024,358	\$ 74,558,409	\$ 12,158,940	\$ 11,916,431	\$ 91,183,298	\$ 86,474,840
Deferred Outflows of Resources	\$ 4,449,522	\$ 3,399,562	\$ 218,796	\$ 160,791	\$ 4,668,318	\$ 3,560,353
					\$ -	
Long-term liabilities outstanding	\$ 12,535,100	\$ 11,713,768	\$ 6,793,820	\$ 6,586,426	\$ 19,328,920	\$ 18,300,194
Other liabilities	\$ 3,448,286	\$ 4,360,314	\$ 189,734	\$ 97,429	\$ 3,638,020	\$ 4,457,743
Total Liabilities	\$ 15,983,386	\$ 16,074,082	\$ 6,983,554	\$ 6,683,855	\$ 22,966,940	\$ 22,757,937
					\$ -	
Deferred Inflows of Resources	\$ 386,774	\$ 303,641	\$ 12,199	\$ 8,096	\$ 398,973	\$ 311,737
					\$ -	
					\$ -	
Net Position:						
Net Investment in Capital Assets	\$ 38,987,944	\$ 38,830,835	\$ 3,181,547	\$ 3,402,883	\$ 42,169,491	\$ 42,233,718
Restricted	\$ 5,758,161	\$ 5,588,888	\$ -	\$ -	\$ 5,758,161	\$ 5,588,888
Unrestricted	\$ 22,357,615	\$ 17,160,525	\$ 2,200,436	\$ 1,978,038	\$ 24,558,051	\$ 19,138,563
Total Net Position	\$ 67,103,720	\$ 61,580,248	\$ 5,381,983	\$ 5,380,921	\$ 72,485,703	\$ 66,961,169

Overall, the County's net position increased by \$5,524,354 (8.2%) This is an aggregate of two changes in net position for the county overall. The net position of governmental activities increased by \$5,523,472 and the net position of business-type activities increased by \$1,062.

Of the government's net position:

- ❖ Investment in capital assets represented \$42,169,491 (58%) of the government wide total net position and represented the County's extensive investment in land, buildings, furniture and fixtures, vehicles and other equipment. For the County as a whole, capital assets fell due to the investments in capital and decreases in related debt being exceeded by depreciation and retirements.
- ❖ \$5,758,161 (8%) represents resources that are subject to external restrictions on how the funds may be used. These restrictions are legally binding and are imposed by general statutes, grants or contracts.
- ❖ Stabilization funds required by the state government make up \$3,936,262 of that classification, which also includes smaller amounts restricted to fire district taxes, court fees, the Emergency Telephone system, the Register of Deeds pension plan and pension plan and other various grants and donations.
- ❖ The government wide unrestricted net position rose \$5,419,488 (28%) driven by governmental activities. Unrestricted net position rose by 10% percent in business-type activities.

Transylvania County Summary of Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
<i>Program Revenues</i>						
Charges for Services	\$ 4,808,383	\$ 4,289,719	\$ 1,959,273	\$ 1,978,795	\$ 6,767,656	\$ 6,268,514
Operating grants	\$ 7,494,155	\$ 6,747,182	\$ 11,417	\$ 32,209	\$ 7,505,572	\$ 6,779,391
Capital Grants	\$ -	\$ 212,000	\$ -	\$ -	\$ -	\$ 212,000
<i>General Revenues</i>						
Property Taxes	\$ 33,780,721	\$ 33,311,358	\$ -	\$ -	\$ 33,780,721	\$ 33,311,358
Other Taxes	\$ 10,161,736	\$ 9,191,970	\$ -	\$ -	\$ 10,161,736	\$ 9,191,970
Grants and contributions unrestrict.	\$ 396,150		\$ -	\$ -	\$ 396,150	\$ -
Miscellaneous Unrestricted	\$ 4,359,469	\$ 390,616	\$ -	\$ -	\$ 4,359,469	\$ 390,616
Interest	\$ 633,733	\$ 403,904	\$ 171,990	\$ 17	\$ 805,723	\$ 403,921
Total Revenues	\$ 61,634,347	\$ 54,546,749	\$ 2,142,680	\$ 2,011,021	\$ 63,777,027	\$ 56,557,770
Expenses						
General Government	\$ 6,539,571	\$ 5,337,831	\$ -	\$ -	\$ 6,539,571	\$ 5,337,831
Public Safety	\$ 18,080,312	\$ 16,549,027	\$ -	\$ -	\$ 18,080,312	\$ 16,549,027
Transportation	\$ 473,479	\$ 438,101	\$ -	\$ -	\$ 473,479	\$ 438,101
Economic and Physical Development	\$ 3,909,273	\$ 3,689,164	\$ -	\$ -	\$ 3,909,273	\$ 3,689,164
Human Services	\$ 9,275,906	\$ 8,750,207	\$ -	\$ -	\$ 9,275,906	\$ 8,750,207
Culture and Recreation	\$ 2,429,616	\$ 2,451,013	\$ -	\$ -	\$ 2,429,616	\$ 2,451,013
Education	\$ 14,811,808	\$ 14,630,014	\$ -	\$ -	\$ 14,811,808	\$ 14,630,014
Interest on long-term debt	\$ 84,009	\$ 111,948	\$ -	\$ -	\$ 84,009	\$ 111,948
Landfill	\$ -	\$ -	\$ 2,648,519	\$ 2,480,832	\$ 2,648,519	\$ 2,480,832
Total Expenses	\$ 55,603,974	\$ 51,957,305	\$ 2,648,519	\$ 2,480,832	\$ 58,252,493	\$ 54,438,137
Change in Net Position Before Transfers	\$ 6,030,373	\$ 2,589,444	\$ (505,839)	\$ (469,811)	\$ 5,524,534	\$ 2,119,633
Transfers	\$ (506,901)	\$ (624,722)	\$ 506,901	\$ 624,722	\$ -	\$ -
Net Position, July 1	\$ 61,580,248	\$ 59,615,526	\$ 5,380,921	\$ 5,226,010	\$ 66,961,169	\$ 64,841,536
Change in Net Position	\$ 5,523,472	\$ 1,964,722	\$ 1,062	\$ 154,911	\$ 5,524,534	\$ 2,119,633
Net Position, June 30	\$ 67,103,720	\$ 61,580,248	\$ 5,381,983	\$ 5,380,921	\$ 72,485,703	\$ 66,961,169

Revenues:

Compared to fiscal year 2018, governmental revenues exceeded 2018 by \$7,087,598 (13%):

- ❖ 61% of this growth is explained by recognition of future revenues through the long-term note receivable. This note represents resources due to the County from economic development organizations in return for capital investments made in 2018 and 2019.
- ❖ Property taxes increased only \$469,363 (1.4%) over the prior year.
- ❖ Other taxes, driven by continued high sales tax revenues remitted from the State of North Carolina, increased by 9.54%.
- ❖ Interest earned on investments increased sharply over the prior year driven by changes in cash management strategies that left more idle funds for investment, this increase was \$401,802 (49.87%).

Expenses:

Compared to fiscal year 2018, governmental expenses exceeded prior year by \$2,830,442 (5.4%):

- ❖ The largest increase was in general government services, representing the beginning stages of several large projects such as the replacement of the County's enterprise resource planning software, necessary capital upgrades to County facilities and to replace the County's enterprise resource planning software to enhance the capability of central services departments.
- ❖ In the government's public safety and transportation functions, the increase represented major capital outlays for vehicle purchases for County government departments and increased investments in the County's fire service districts.
- ❖ Expenditures also increased in the County's business-type activities representing ongoing capital projects and additional staffing to increase compliance with environmental regulations.

The largest contributors to the changes in Transylvania County's net position for the time period ending June 30th, 2019 were as follows:

- Adjusting for the revenue recognition related to the status of the County as a long-term creditor, revenues government-wide exceeded prior year by \$2,519,257.
- Overall governmental outlays were \$3,814,356 higher than prior year, driven in part by increases in public safety expenses in the County's fire service protection districts
- Lower transfers between governmental and business-type functions.

In fiscal year 2019, charges for services, grants, and contributions covered 22 percent of the expenses of governmental activities and comprised 19 percent of total revenues. In fiscal year 2018, charges for services, grants, and contributions covered 21.6 percent of the expenses of governmental activities and comprised 20.6 percent of total revenues.

Business-type activities – Transylvania County's business-type activities closed the year with a net position of \$5,381,983, an increase of \$1,062.

In fiscal 2019, the Solid Waste enterprise fund's operating revenues fell slightly by \$19,522, representing changing business practices of large construction companies in the area partially offset by increased sales at the satellite collection sites. Major projects undertaken to properly staff the Solid Waste Division and maintain compliance with environmental regulations drove another year of increases in Solid Waste fund expenses. Capital projects lapsing at year end or delayed to future years allowed staff to identify and reduce the size of the transfer into the enterprise fund mid-year.

Through operating revenues, users of the solid waste facilities paid approximately 74 percent of operating expenses (excluding potential assessment and corrective action (PACA) costs and closure and post-closure care costs) in fiscal year 2019. However, increased revenues due to better management of idle funds offset that and allowed for enterprise revenues to cover 80% of the fund's operations. Please refer to the analysis of the proprietary fund on page 13 for more information.

Financial Analysis of the County's Funds

As noted earlier, Transylvania County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The goal of governmental fund statements is to provide information on near-term inflows, outflows, and balances of useable resources. Such information is helpful in assessing the County's financing requirements. Specifically, unassigned fund balance can be a meaningful measure of a government's net resources available for spending during the next fiscal year.

The County's governmental funds types are divided into two categories, major and non-major. The General Fund was the only major fund for 2019, with the Golden Leaf fund's wind down pushing it into non-major status after having been a major fund in 2018. The non-major governmental funds consist of Special Revenue Funds, Capital Projects Funds, and the Permanent Fund.

The General Fund is the chief operating fund of Transylvania County. At the end of the current fiscal year, the total fund balance equaled \$31,777,881, with \$4,890,501 non-spendable and \$3,877,130 restricted for stabilization by state statute.

- ❖ \$722,248 was restricted by general statutes for court facilities and Register of Deed's Office technology enhancements and by grant requirements and other external restrictions, most notably in the Fire District special revenue fund.
- ❖ \$4,847,861 was committed by the Board of Commissioners for post-employment health benefits for employees (\$2,749,060) and pension payments for retired law enforcement officers (\$2,098,801).
- ❖ \$15,239,620 was assigned for specific uses including:
 - \$2,626,763 for employee health insurance
 - \$2,516,967 for economic and physical development investments in public utility infrastructure, incentive grants and general projects.
 - \$1,600,794 for ongoing Emergency Management communications upgrades and a future EMS station
 - \$1,356,853 for Parks and Recreation facility improvements
 - \$1,078,566 for accrued vacation liabilities
- ❖ \$4,200,521 or 13 percent of the total, was unassigned and therefore available for spending at the government's discretion.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8.6 percent of total General Fund outlays. Total general fund balance represented more than 65 percent of the County government's total actual expenditures for fiscal year 2019.

The General Fund balance grew by during fiscal year 2018 by \$7,185,657 (27%); a change from the prior year where it fell by \$848,056.

The major factors in this variance were:

- ❖ Actual revenues exceeded budgeted estimates by \$6,065,856, driven mostly by sales and service revenues exceeding budget by \$4,744,927 which was the recognition of revenues as the long term note receivable came on the General Fund's balance sheet.
- ❖ Local option sales taxes overperformed the conservative budget estimate by \$752,670.
- ❖ Actual expenditures fell below the original and amended budgets by \$2,771,540 representing lapsed salaries on vacant positions and capital projects delayed to future years.
- ❖ Lower transfers out of the General Fund to the Law Enforcement Special Separation Fund and the Solid Waste Fund.

The combined fund balances of all non-major governmental funds fell \$1,409,884.

- ❖ The Golden Leaf capital projects fund balance fell by \$1,583,514 as the project reached completion and expense outlay finished.
- ❖ The Fire Districts Fund grew by \$152,794 due to continued high ad valorem tax collections and a transfer from the General Fund to the North Transylvania service district.
- ❖ The Emergency Telephone System Fund grew by \$49,755 due to increased restricted intergovernmental revenues and higher investment earnings.
- ❖ The Permanent Fund, which was established for the maintenance of an historic mansion and grounds bequeathed to the County for use as a recreation facility, had a slight increase of \$7,945 in its fund balance. Of the \$347,399 ending balance in the Permanent Fund, \$108,367 was restricted; the remainder was assigned.
- ❖ All the funds in the Special Revenue Funds were restricted either for the purposes for which they were collected or for stabilization by state statute.

As of June 30, 2019, Transylvania County's governmental funds reported a total ending balance of \$35,764,332, increase of \$5,775,773 over prior year.

General Fund Budgetary Highlights:

During the fiscal year, Transylvania County found it necessary to revise the General Fund budget for several reasons, most notably to: (1) recognize new funding from external sources and other funds, (2) withdraw funds from reserves for designated uses and needs that arose during the year, and (3) roll forward appropriations made in fiscal year 2018. The amendments approved during fiscal year 2019 increased the General Fund's original budget excluding transfers to other funds or projects carried forward from prior years by \$836,142, or 1.6% percent, and included adjustments made for the following:

- Approximately \$400,000 set aside to begin an overhaul of the HVAC system and roof of the County's Community Services Building.
- \$350,000 in increases necessary to recognize and appropriate additional restricted intergovernmental grant revenue the County was awarded after July 1st, 2018.
- \$387,220 appropriated from unassigned fund balance and transferred to the Solid Waste Fund to replace heavy equipment and improve regulatory compliance efforts.
- \$164,745 appropriated to finance the acquisition of a new enterprise resource planning software.

There were additional appropriations to continue capital projects begun in 2018 in the amount of \$327,911, a transfer to the Golden Leaf capital project fund in the amount of \$450,000 and an appropriation of assigned fund balance to fund a \$1.2 million VHF radio upgrade project only partially begun by the end of fiscal 2019.

When compared to the final budget, the following factors can be discerned concerning the County's revenue performance for the year ended June 30th, 2019:

- Ad Valorem Tax revenues exceeded budgeted projections by \$532,962.
- Local Option Sale Tax revenues exceeded the more conservative estimate for 2019 by \$752,670 driven in part by additional Medicaid Hold Harmless distributions.
- Restricted intergovernmental revenues came in below budgeted projections by \$320,006.
- Sales of goods and services to other governmental units and the public came in higher than anticipated by \$4,744,927 due to the recognition of future revenues in the County's long term note receivable. With that revenue excluded, sales of goods and services were essentially as budgeted.

As noted above, the General Fund's actual expenditures finished the year \$2,771,540 (5.4%) below the final budget. Favorable variances of \$1,003,727 in General Government, \$613,438 in Public safety, and \$675,744 in Human Services contributed the most to the positive results. The major factors behind the reduced spending county-wide were presented in the explanation of the fund balance change, but their impact on each function is presented below:

- The County's self-insurance plan had another strong year, which management attributes to continuing uncertainty about medical care in Transylvania County due to the transition of the County's non-profit hospital to ownership under a new for-profit corporation, this variance as \$594,843 of the variance in general government.
- In public safety, \$265,455 of the variance is attributable to lapsed salaries due to continuing issues with employee turnover in the Communications, Emergency Medical Services and Animal Control departments.
- In economic and physical development, staff turnover in the Planning Department and slower expenses related to those turnovers contributed to \$94,459 of the \$143,673 variance in that function of the General Fund.
- Lapsed salaries for vacant positions in the Health Department and Social Services Department due to employee turnover in the amount of \$496,162 account for 73% of the variance.
- Culture and Recreation had a \$114,505 surplus, with \$91,093 of that variance explained on lower operational expenses on various Parks and Recreation and Public Library programs.
- Debt service payments appear artificially high due to the reconciliation of an installment loan on a project completed in 2018.
- Education spending came in \$221,900 under budget, explained in its entirety by a planned draw down from the State Public School Construction Fund that was budgeted for but did not occur in 2019.

Proprietary Fund –

Transylvania County's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

As previously mentioned, the net position of the Solid Waste Fund increased by \$1,062 in fiscal year 2019. Actual operating revenues of \$1,959,273 exceeded 2018 actuals of \$1,978,795. Nevertheless, there was an operating loss of \$689,246 due to operating expenses totaling \$2,648,519, a slightly higher expenditure necessary to meet regulatory offices. As intended, a transfer of \$505,839 was made from the General Fund to supplement revenues generated by Solid Waste transactions. This transfer plus the non-operating revenues of \$27,616 and increased investment revenue marginally offset the higher expenses.

Capital Asset and Debt Administration

Capital assets: Transylvania County’s capital assets for its governmental and business – type activities as of June 30, 2019, totaled \$44,398,985 (net of accumulated depreciation). These assets consisted of buildings, land, machinery and equipment, furniture and fixtures, park facilities, and vehicles (see Figure 4). Additional information regarding Transylvania County’s capital assets can be found in note 3. A. of the Notes, beginning on page 49 of this report.

Figure 4

Transylvania County's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 3,379,666	\$ 3,379,666	\$ 1,130,910	\$ 1,130,910	\$ 4,510,576	\$ 4,510,576
Landfill Cells	\$ -	\$ -	\$ 800,709	\$ 979,067	\$ 800,709	\$ 979,067
Buildings	\$ 31,973,964	\$ 32,418,057	\$ 14,189	\$ 15,302	\$ 31,988,153	\$ 32,433,359
Improvements	\$ 1,088,042	\$ 1,154,486	\$ 264,674	\$ 235,844	\$ 1,352,716	\$ 1,390,330
FF&E	\$ 1,941,046	\$ 1,939,595	\$ 763,645	\$ 774,919	\$ 2,704,691	\$ 2,714,514
Vehicles	\$ 2,697,309	\$ 2,155,511	\$ 207,420	\$ 266,841	\$ 2,904,729	\$ 2,422,352
Construction in Progress	\$ 76,726	\$ 353,070	\$ -	\$ -	\$ 76,726	\$ 353,070
Total	\$ 41,156,753	\$ 41,400,385	\$ 3,181,547	\$ 3,402,883	\$ 44,338,300	\$ 44,803,268

During fiscal year 2019 the County invested \$2,075,004 in governmental assets, which included the following major items:

- Outlay for vehicles totaled \$1.1 million, with \$271,000 and \$202,000 of those totals dedicated to the purchase of a tactical rescue vehicle for the Sheriff’s Office and a new ambulance for the Emergency Medical Services department.
- Outlay for building and land improvements totaled \$554,098, with the largest projects being \$151,000 to replace all external windows at the Community Services Building to improve energy efficiency and \$206,000 to renovate and repair the cupola at the Transylvania County Courthouse.
- Outlay for furniture and equipment totaled \$408,832 and was comprised of three primary items: server replacements across the County, security camera upgrades at the Public Safety Facility and the initial stages of replacement of the Board of Elections voting system.

The County also invested \$94,967 in equipment acquisitions in business-type activities. These were necessary replacements of heavy equipment used at the main landfill facility and the repaving of one of the major collection sites to improve traffic flow.

Long-term Debt: The County’s outstanding debt totaled \$2,493,255 at year end with the outstanding balance totaling only 3.4% of the government-wide net position or comparatively, only 5% of total general fund expenditures.

The County’s outstanding debt continued to decline, and the County is not poised to take on any additional debt in fiscal 2020. Though it does anticipate issuing general obligation bonds in fiscal 2021 or 2022 as the voters of Transylvania County did approve \$68,000,000 in general obligation bonds for school construction during a fiscal 2019 election.

Transylvania County's Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Qualified School Construction Bonds	\$ 324,446	\$ 432,594	\$ -	\$ -	\$ 324,446	\$ 432,594
Installment Financings	\$ 2,168,809	\$ 2,569,550	\$ -	\$ -	\$ 2,168,809	\$ 2,569,550
Capital Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 2,493,255	\$ 3,002,144	\$ -	\$ -	\$ 2,493,255	\$ 3,002,144

At June 30, 2019, the County had a legal debt margin of \$456,813,374.

Additional information regarding Transylvania County’s long-term debt can be found in note 3. B. of the Notes, beginning on page 70 of this report.

Economic Factors and Next Year’s Budgets and Rates

- In June 2019, the unemployment rate was 4.3% for Transylvania County, compared to 3.9% in the immediate prior year.
- Sales and use distributions ran approximately 4% over prior year 2018 distributions through April 2019, and at year end had increased approximately 7% over prior year totals.
- Core Price Inflation (CPI) over twelve months stood at 1.9% in March 2019, compared to 2.4% in March 2018.
- The County’s projected tax base for fiscal year 2020 was slightly higher than that of 2019, with more than two thirds of the growth being attributable to buildings, plant and equipment formerly held in non-profit status by the County’s hospital that has transitioned to being taxable.

These factors were taken into consideration in the development of Transylvania County’s fiscal year 2020 budget, along with the need to provide funds to continue implementation of the County’s strategic plan to meet the long-term goals of promoting economic development, education, visitor and community engagement, environmental stewardship, enhancements to the community’s quality of life, and the value of County government.

Governmental Activities:

Whereas the 2019 original budget totaled \$58,475,704 overall with \$51,653,685 approved in the General Fund, the 2020 original budget adopted by the Board of County Commissioners in June 2019 totaled \$66,087,171 overall with \$63,919,039 of activity approved in the General Fund.

The largest factor in this change is an increase in ad valorem tax rate of 12.5 cents, bringing the County's general ad valorem rate to .636/\$100. This increase was necessary for the beginning stages of the \$68,000,000 general obligation financed school construction projects approved by the voters of Transylvania County in November 2018. 10.5 cents of this rate increase are necessary to meet the initial debt service payments in the future and the proceeds of this tax increase are being transferred to a new capital reserve fund specifically set aside for these major projects. The remaining 2 cents are set aside to continue strategic planning regarding the rest of the County's long-term capital needs.

Revenues:

Total operating revenues and revenues from other sources in 2020 were estimated to be \$60,985,973 compared to \$49,962,483 in 2019. The largest part of this change is the significant increase in expected property tax collections given the rate increase and the second element of this are higher estimated distributions of local option sales and use taxes levied by the County and collected by the state. This is a more optimistic method of prediction in prior years that had been more conservative than was necessary. The County's tax base growth became more unpredictable over the course of 2019, as more lands being put for conservation purposes, and therefore nontaxable, was counterbalanced by major properties within the County becoming taxable for the first time.

Total revenues from operations and other financing sources for fiscal year 2019 were projected to be \$409,712, less than one percent higher than fiscal year 2018's original budget. The Board held the tax rate steady at the prior year level of \$.5110/\$100. With no change in the rate and very little growth in the tax base, ad valorem taxes were budgeted to be only \$357,336 more than the prior years. Sales taxes, however, were expected to continue their upward trend and exceed the fiscal year 2018 budgeted level by approximately \$100,000 representing slower growth year to year than in prior years. Restricted and

Expenditures:

Budgeted expenditures approved for fiscal year 2020, including transfers to other funds, was \$7,611,467 higher than approved expenditures in 2019.

Much of this increase is explained by the planned 6.5 million transfer to the Education Capital Reserve fund, with an additional 1.3 million set aside to fund the ongoing class and compensation study that was ongoing at time of budget adoption. The County's compensation for positions across the Board had frequently lagged comparable agencies and competitors in the private sector and seeks to correct this in 2020 and make Transylvania County Government a leading place to work regionally.

The County demonstrated its ongoing commitment to education operating expenditures by raising fiscal year 2020 funding for the local school system and community college by \$626,236. It opted to hold the increased amounts for the Transylvania County Schools as at time of budget adoption, the State of North Carolina had not passed a budget so the amount of the necessary increase to match local salaries =was unknown. The County anticipates maintaining its place as one of the highest funders of local K-12 education on a per-student basis statewide.

While the Commissioners made appropriations from restricted and assigned fund balance in the General Fund for specific purposes, the largest appropriation was unassigned fund balance (\$3,989,171) was made to balance the needs of funding the planned compensation study and address revenue shortfalls in the Fire Service District special revenue fund as they sought to stabilize the tax rates in the County's eight fire service districts and weigh transitioning the County to a single tax district.

Business – type Activities.

The Board also approved a recommended budget for the Solid Waste enterprise fund of \$2,899,923, slightly lower than the initially approved amount of \$2,942,724 in 2019. The slight decrease represents a slowing of ongoing capital projects at the County’s main landfill facility and in its satellite collection centers.

Overall, anticipated operating revenues are anticipated to be somewhat lower in 2020, balanced by an appropriation of fund balance in the Enterprise Fund, due to changing consumer habits by major construction firms that use the landfill for debris disposal. Recycling revenues were kept stable to prior year, but the changing recycling market has left the actual revenues unpredictable.

Requests for Information

This report is designed to provide an overview of the County’s finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be submitted to the Finance Director of Transylvania County, 101 South Broad Street, Brevard, NC 28712.

**BASIC
FINANCIAL
STATEMENTS**

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Transylvania County Tourism Development Authority
Assets:				
Current assets:				
Cash and investments	\$ 28,781,209	\$ 5,446,995	\$ 34,228,204	\$ 352,537
Taxes receivable, net	86,294	-	86,294	-
Accounts receivable, net	3,936,262	131,334	4,067,596	113,996
Long-term receivable	4,652,871	-	4,652,871	-
Inventories	33,912	-	33,912	-
Prepaid items	203,718	-	203,718	-
Cash and investments, restricted	112,654	3,399,064	3,511,718	-
Total current assets	37,806,920	8,977,393	46,784,313	466,533
Non-current assets:				
Net pension asset (ROD)	60,685	-	60,685	-
Capital assets:				
Land and other non-depreciable assets	3,456,392	1,130,910	4,587,302	-
Depreciable assets, net	37,700,361	2,050,637	39,750,998	-
Total capital assets	41,156,753	3,181,547	44,338,300	-
Non-current assets, net	41,217,438	3,181,547	44,398,985	-
Total assets	79,024,358	12,158,940	91,183,298	466,533
Deferred Outflows of Resources:				
Pension deferrals	4,201,682	205,752	4,407,434	-
OPEB deferrals	247,840	13,044	260,884	-
Total deferred outflows of resources	4,449,522	218,796	4,668,318	-
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	1,675,868	169,332	1,845,200	35,054
Prepaid fees	255,558	-	255,558	-
Advances from grantors	4,287	-	4,287	-
Accrued interest payable	18,261	-	18,261	-
Current portion of long-term liabilities	1,494,312	20,402	1,514,714	-
Total current liabilities	3,448,286	189,734	3,638,020	35,054
Non-current liabilities:				
Net pension liability (LGERS)	4,821,845	253,781	5,075,626	-
Total pension liability (LEOSSA)	1,975,412	-	1,975,412	-
Total OPEB liability	3,477,331	183,017	3,660,348	-
Due in more than one year	2,260,512	6,357,022	8,617,534	-
Total non-current liabilities	12,535,100	6,793,820	19,328,920	-
Total liabilities	15,983,386	6,983,554	22,966,940	35,054

The accompanying notes are an integral part of the financial statements.

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Transylvania County Tourism Development Authority
Deferred Inflows of Resources:				
Prepaid taxes	20,581	-	20,581	-
Pension deferrals	231,659	5,118	236,777	-
OPEB deferrals	134,534	7,081	141,615	-
Total deferred inflows of resources	386,774	12,199	398,973	-
Net Position:				
Net investment in capital assets	38,987,944	3,181,547	42,169,491	-
Restricted for:				
Stabilization by state statute	3,936,262	-	3,936,262	113,996
Register of Deeds	75,986	-	75,986	-
Register of Deeds Pension Plan	82,483	-	82,483	-
Court facilities	22,064	-	22,064	-
Public safety	560,736	-	560,736	-
Fire departments	551,494	-	551,494	-
Emergency telephone system	301,668	-	301,668	-
Economic and physical development	55,639	-	55,639	-
Health department programs	4,106	-	4,106	-
Social services	59,356	-	59,356	-
Recreation programs and facilities	108,367	-	108,367	-
Tourism promotion	-	-	-	317,483
Unrestricted	22,357,615	2,200,436	24,558,051	-
Total net position	\$ 67,103,720	\$ 5,381,983	\$ 72,485,703	\$ 431,479

The accompanying notes are an integral part of the financial statements.

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 6,539,571	\$ 461,517	\$ 45,851	\$ -
Public safety	18,080,312	3,613,503	1,394,008	-
Transportation	473,479	4,610	371,524	-
Economic and physical development	3,909,273	59,850	155,233	-
Human services	9,275,906	562,131	5,272,651	-
Cultural and recreational	2,429,616	106,772	112,549	-
Education	14,811,808	-	142,339	-
Interest and fees	84,009	-	-	-
Total governmental activities	<u>55,603,974</u>	<u>4,808,383</u>	<u>7,494,155</u>	-
Business-Type Activities:				
Solid waste	<u>2,648,519</u>	<u>1,959,273</u>	<u>11,417</u>	-
Total primary government	<u>\$ 58,252,493</u>	<u>\$ 6,767,656</u>	<u>\$ 7,505,572</u>	<u>\$ -</u>
Component Unit:				
Tourism Development Authority	<u>\$ 961,136</u>	<u>\$ 25,252</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Primary Government			Transylvania County Tourism Development Authority
	Governmental Activities	Business-Type Activities	Total	
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ (6,032,203)	\$ -	\$ (6,032,203)	\$ -
Public safety	(13,072,801)	-	(13,072,801)	-
Transportation	(97,345)	-	(97,345)	-
Economic and physical development	(3,694,190)	-	(3,694,190)	-
Human services	(3,441,124)	-	(3,441,124)	-
Cultural and recreational	(2,210,295)	-	(2,210,295)	-
Education	(14,669,469)	-	(14,669,469)	-
Interest and fees	(84,009)	-	(84,009)	-
Total governmental activities	<u>(43,301,436)</u>	<u>-</u>	<u>(43,301,436)</u>	<u>-</u>
Business-Type Activities:				
Solid waste	-	(677,829)	(677,829)	-
Total primary government	<u>(43,301,436)</u>	<u>(677,829)</u>	<u>(43,979,265)</u>	<u>-</u>
Component Unit:				
Tourism Development Authority				<u>(935,884)</u>
General Revenues:				
Taxes:				
Ad valorem taxes	33,780,721	-	33,780,721	-
Local option sales taxes	9,274,860	-	9,274,860	-
Deed stamp excise tax	131,101	-	131,101	-
Real estate transfer tax	755,775	-	755,775	-
Occupancy tax	-	-	-	924,269
Unrestricted intergovernmental revenues	396,150	-	396,150	-
Investment earnings, unrestricted	633,733	171,990	805,723	11,022
Miscellaneous, unrestricted	4,359,469	-	4,359,469	-
Total general revenues excluding transfers	49,331,809	171,990	49,503,799	935,291
Transfers	<u>(506,901)</u>	<u>506,901</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>48,824,908</u>	<u>678,891</u>	<u>49,503,799</u>	<u>935,291</u>
Change in net position	5,523,472	1,062	5,524,534	(593)
Net Position:				
Beginning of year - July 1	<u>61,580,248</u>	<u>5,380,921</u>	<u>66,961,169</u>	<u>432,072</u>
End of year - June 30	<u>\$ 67,103,720</u>	<u>\$ 5,381,983</u>	<u>\$ 72,485,703</u>	<u>\$ 431,479</u>

The accompanying notes are an integral part of the financial statements.

TRANSYLVANIA COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
Assets:			
Cash and investments	\$ 26,894,541	\$ 1,886,668	\$ 28,781,209
Taxes receivable, net	75,936	10,358	86,294
Accounts receivable, net	3,877,130	59,132	3,936,262
Long-term receivable	4,652,871	-	4,652,871
Inventories	33,912	-	33,912
Prepaid items	203,718	-	203,718
Cash and investments, restricted	<u>4,287</u>	<u>108,367</u>	<u>112,654</u>
 Total assets	 <u>\$ 35,742,395</u>	 <u>\$ 2,064,525</u>	 <u>\$ 37,806,920</u>
 Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,611,171	\$ 64,697	\$ 1,675,868
Advances from grantors	4,287	-	4,287
Prepaid fees	255,558	-	255,558
Total liabilities	<u>1,871,016</u>	<u>64,697</u>	<u>1,935,713</u>
 Deferred Inflows of Resources:			
Property taxes receivable	75,936	10,358	86,294
Prepaid taxes	<u>17,562</u>	<u>3,019</u>	<u>20,581</u>
Total deferred inflows of resources	<u>93,498</u>	<u>13,377</u>	<u>106,875</u>
 Fund Balances:			
Non-spendable:			
Inventories	33,912	-	33,912
Prepaid items	203,718	-	203,718
Long-term receivable	4,652,871	-	4,652,871
Restricted:			
Stabilization for state statute	3,877,130	59,132	3,936,262
Restricted, all other	722,248	1,017,168	1,739,416
Committed	4,847,861	656,939	5,504,800
Assigned	15,239,620	253,212	15,492,832
Unassigned	<u>4,200,521</u>	<u>-</u>	<u>4,200,521</u>
Total fund balances	<u>33,777,881</u>	<u>1,986,451</u>	<u>35,764,332</u>
 Total liabilities, deferred inflows of resources, and fund balance	 <u>\$ 35,742,395</u>	 <u>\$ 2,064,525</u>	 <u>\$ 37,806,920</u>

The accompanying notes are an integral part of the financial statements.

TRANSYLVANIA COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	Total Governmental Funds
Total fund balances	\$ 35,764,332
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	41,156,753
Net pension asset	60,685
Net pension liability - LGERS	(4,821,845)
Total pension liability - LEOSSA	(1,975,412)
Total OPEB liability	(3,477,331)
Deferred outflows of resources related to pensions are not reported in the funds.	4,201,682
Deferred inflows of resources related to pensions are not reported in the funds.	(231,659)
Deferred outflows of resources related to OPEB are not reported in the funds.	247,840
Deferred inflows of resources related to OPEB are not reported in the funds.	(134,534)
Liabilities for earned, but deferred, inflows of resources in fund statements	86,294
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and installment financing	(2,493,255)
Compensated absences	(1,261,569)
Interest payable	<u>(18,261)</u>
Net position of governmental activities	<u>\$ 67,103,720</u>

The accompanying notes are an integral part of the financial statements.

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
Revenues:			
Ad valorem taxes	\$ 30,028,822	\$ 3,715,685	\$ 33,744,507
Local option sales taxes	9,274,860	-	9,274,860
Other taxes and licenses	886,876	-	886,876
Unrestricted intergovernmental revenues	396,150	-	396,150
Restricted intergovernmental revenues	6,163,227	422,978	6,586,205
Permits and fees	646,068	-	646,068
Sales and services	8,278,402	-	8,278,402
Donations and grants	75,446	828,217	903,663
Interest earned on investments	602,804	30,929	633,733
Miscellaneous	536,813	-	536,813
Total revenues	<u>56,889,468</u>	<u>4,997,809</u>	<u>61,887,277</u>
Expenditures:			
Current:			
General government	6,473,744	10,000	6,483,744
Public safety	13,881,988	4,059,212	17,941,200
Transportation	547,773	-	547,773
Economic and physical development	1,043,094	2,862,622	3,905,716
Human services	9,128,177	-	9,128,177
Cultural and recreational	2,217,424	807	2,218,231
Intergovernmental:			
Education	14,785,852	-	14,785,852
Debt service:			
Principal repayments	508,889	-	508,889
Interest	87,264	-	87,264
Total expenditures	<u>48,674,205</u>	<u>6,932,641</u>	<u>55,606,846</u>
Revenues over (under) expenditures	<u>8,215,263</u>	<u>(1,934,832)</u>	<u>6,280,431</u>
Other Financing Sources (Uses):			
Transfers in	87,164	612,112	699,276
Transfers out	<u>(1,116,770)</u>	<u>(87,164)</u>	<u>(1,203,934)</u>
Total other financing sources (uses)	<u>(1,029,606)</u>	<u>524,948</u>	<u>(504,658)</u>
Net change in fund balances	7,185,657	(1,409,884)	5,775,773
Fund Balances:			
Beginning of year - July 1	<u>26,592,224</u>	<u>3,396,335</u>	<u>29,988,559</u>
End of year - June 30	<u>\$ 33,777,881</u>	<u>\$ 1,986,451</u>	<u>\$ 35,764,332</u>

The accompanying notes are an integral part of the financial statements.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Net change in fund balances - total governmental funds (Exhibit D)	\$ 5,775,773
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	36,214
Expenses related to interest expense that do not require current financial resources are not reported as expenditures in the governmental funds statement.	3,255
Pension expense - LEOSSA	(68,954)
Pension expense - LGERS	(248,433)
Pension expense - ROD	(11,616)
OPEB plan expense	(37,825)
Compensated absences expense are reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds statement.	(190,199)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	2,045,773
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,998,018)
The sale/disposal of capital assets is reported as a revenue in the governmental funds statement without subtracting the net book value of the capital assets sold.	(289,144)
Transfers of capital assets between governmental and business-type activities are not reflected as transfers in the governmental fund financials as they are not outflows of current financial resources.	(2,243)
Debt principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	<u>508,889</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 5,523,472</u></u>

The accompanying notes are an integral part of the financial statements.

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 29,495,860	\$ 29,495,860	\$ 30,028,822	\$ 532,962
Local option sales taxes	8,522,190	8,522,190	9,274,860	752,670
Other taxes and licenses	777,000	827,000	886,876	59,876
Unrestricted intergovernmental revenues	412,500	412,500	396,150	(16,350)
Restricted intergovernmental revenues	6,105,458	6,483,233	6,163,227	(320,006)
Permits and fees	603,851	603,851	646,068	42,217
Sales and services	3,477,720	3,533,475	8,278,402	4,744,927
Investment earnings	535,000	535,000	602,804	67,804
Donations	-	53,297	75,446	22,149
Miscellaneous	175,800	357,206	536,813	179,607
Total revenues	<u>50,105,379</u>	<u>50,823,612</u>	<u>56,889,468</u>	<u>6,065,856</u>
Expenditures:				
Current:				
General government	7,426,721	7,477,471	6,473,744	1,003,727
Public safety	14,199,208	14,495,426	13,881,988	613,438
Transportation	579,507	631,779	547,773	84,006
Economic and physical development	1,078,268	1,185,767	1,043,094	142,673
Human services	9,381,700	9,803,921	9,128,177	675,744
Cultural and recreational	2,424,744	2,331,929	2,217,424	114,505
Intergovernmental:				
Education	15,007,752	15,007,752	14,785,852	221,900
Debt service:				
Principal retirement	421,978	421,978	508,889	(86,911)
Interest and fees	89,725	89,722	87,264	2,458
Total expenditures	<u>50,609,603</u>	<u>51,445,745</u>	<u>48,674,205</u>	<u>2,771,540</u>
Revenues over (under) expenditures	<u>(504,224)</u>	<u>(622,133)</u>	<u>8,215,263</u>	<u>8,837,396</u>
Other Financing Sources (Uses):				
Transfers in	-	-	87,164	87,164
Transfers out	(869,476)	(1,116,870)	(1,116,770)	100
Assigned and committed funds	505,185	(1,731,441)	-	1,731,441
Appropriated fund balance	868,515	3,470,444	-	(3,470,444)
Total other financing sources (uses)	<u>504,224</u>	<u>622,133</u>	<u>(1,029,606)</u>	<u>(1,651,739)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>7,185,657</u>	<u>\$ 7,185,657</u>
Fund Balance:				
Beginning of year - July 1			<u>26,592,224</u>	
End of year - June 30			<u>\$ 33,777,881</u>	

The accompanying notes are an integral part of the financial statements.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019**

	Enterprise Fund
	Solid Waste Fund
Assets:	
Current assets:	
Cash and investments	\$ 5,446,995
Accounts receivable, net	131,334
Cash and investments, restricted	3,399,064
Total current assets	<u>8,977,393</u>
Non-current assets:	
Land and other non-depreciable assets	1,130,910
Depreciable assets, net of depreciation	2,050,637
Total non-current assets	<u>3,181,547</u>
Total assets	<u>12,158,940</u>
Deferred Outflows of Resources:	
Pension deferrals	205,752
OPEB deferrals	13,044
Total deferred outflows of resources	<u>218,796</u>
Liabilities, Deferred Inflows of Resources, and Net Position:	
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	169,332
Current portion of compensated absences	20,402
Total current liabilities	<u>189,734</u>
Non-current liabilities:	
Accrued landfill closure and post-closure care costs	6,353,422
Total OPEB liability	183,017
Compensated absences	3,600
Net pension liability	253,781
Total non-current liabilities	<u>6,793,820</u>
Total liabilities	<u>6,983,554</u>
Deferred Inflows of Resources:	
Pension deferrals	5,118
OPEB deferrals	7,081
Total deferred inflows of resources	<u>12,199</u>
Net Position:	
Net investment in capital assets	3,181,547
Unrestricted	<u>2,200,436</u>
Total net position	<u>\$ 5,381,983</u>

The accompanying notes are an integral part of the financial statements.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Enterprise Fund
	Solid Waste Fund
Operating Revenues:	
Charges for services	\$ 1,959,273
Operating Expenses:	
Landfill operations:	
Salaries and employee benefits	1,042,256
Landfill closure and post-closure care costs	133,425
Other operating expenses	1,126,171
Depreciation	346,667
Total operating expenses	<u>2,648,519</u>
Operating income (loss)	<u>(689,246)</u>
Non-Operating Revenues (Expenses):	
Investment earnings	171,990
Other non-operating revenues	27,616
Interest and other charge	(3,439)
Loss on disposal of capital assets	<u>(12,760)</u>
Total non-operating revenues (expenses)	<u>183,407</u>
Income (loss) before capital contributions and transfers	<u>(505,839)</u>
Transfers In (Out):	
Transfers in	504,658
Transfer of assets	<u>2,243</u>
Total transfers in (out)	<u>506,901</u>
Change in net position	1,062
Net Position:	
Beginning of year - July 1	<u>5,380,921</u>
End of year - June 30	<u>\$ 5,381,983</u>

The accompanying notes are an integral part of the financial statements.

TRANSYLVANIA COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Enterprise Fund</u>
	<u>Solid Waste Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 1,992,064
Cash paid for goods and services	(1,065,321)
Cash paid to employees for services	(995,084)
Net cash provided (used) by operating activities	<u>(68,341)</u>
Cash Flows from Non-Capital Financing Activities:	
Solid waste disposal tax	27,616
Interfund transfer in (out)	504,658
Net cash provided (used) by non-capital financing activities	<u>532,274</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	<u>(135,848)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>168,551</u>
Net increase (decrease) in cash and cash equivalents	496,636
Cash and Cash Equivalents:	
Beginning of year - July 1	<u>8,349,423</u>
End of year - June 30	<u>\$ 8,846,059</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (689,246)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	346,667
Landfill closure and post-closure care costs	133,425
(Increase) decrease in accounts receivable	32,791
Increase (decrease) in accounts payable and accrued liabilities	88,609
(Increase) decrease in deferred outflows of resources for pensions	(66,270)
(Increase) decrease in deferred outflows of resources for OPEB	8,265
Increase (decrease) in total pension liability	79,170
Increase (decrease) in OPEB	(5,853)
Increase (decrease) in deferred inflows of resources for pensions	175
Increase (decrease) in deferred inflows of resources for OPEB	(422)
Increase (decrease) in accrued compensated absences	<u>4,348</u>
Net cash provided (used) by operating activities	<u>\$ (68,341)</u>
Non-Cash Transactions:	
Transfer of assets from General Fund	<u>\$ 2,243</u>

The accompanying notes are an integral part of the financial statements.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019**

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 76,885
Accounts receivable and accrued revenues	5,306
Total assets	<u>\$ 82,191</u>
Liabilities:	
Intergovernmental payables	\$ 10,307
Miscellaneous liabilities	71,884
Total liabilities	<u>\$ 82,191</u>

The accompanying notes are an integral part of the financial statements.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

1. Summary of Significant Accounting Policies

The accounting policies of Transylvania County (the “County”) conform to generally accepted accounting principles as they apply to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County. The discretely presented component unit, the Transylvania County Tourism Development Authority, presented below is reported in a separate column in the County’s financial statements in order to emphasize that it is legally separate from the County.

Component Unit

Discretely Presented Component Unit

Transylvania County Tourism Development Authority

Transylvania County is authorized by General Statute 153A-10 to collect an occupancy tax of 5 percent, on behalf of the Transylvania County Tourism Development Authority (the “TDA”), on gross revenues from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the County that is subject to sales tax imposed by the state under G.S. 105-164.4(a)(3) and from the rental of private residences and cottages within the County except those that are exempt from the sales tax imposed under G.S. 105-164.4(a)(3) solely because they are rented for less than 15 days or for 90 or more continuous days to the same person. Gross proceeds of the tax are collected by Transylvania County and are remitted to the TDA. The TDA, which has a June 30 year-end, is presented as if it were a governmental fund type. The County is financially accountable for the TDA, which is reported as a discrete component unit separate from the financial information of the primary government. The Transylvania County Commissioners, City Council, and Brevard Chamber of Commerce appoint the governing board of the TDA, and the TDA operates within the County’s boundaries for the benefit of the County’s residents. The County Commissioners appoint the majority of the Board. Complete financial statements for the TDA may be obtained from the Director of Finance, Transylvania County, 101 South Broad Street, Brevard, North Carolina 28712.

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government (the County). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities except for interfund services provided and used, which are not eliminated in the process of consolidation. These

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Governmental Funds. Governmental funds are used to account for the County's general governmental activities.

The County reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the County. It is used to account for all financial resources except those that are required to be accounted for in another fund. The County maintains a separate Self Insurance Fund for accounting purposes. This fund has been consolidated into the General Fund for reporting purposes. The General Fund also accounts for funds designated for the Law Enforcement Officers' Separation Allowance, the post-employment health benefits, and the 457 deferred compensation plan.

Proprietary Funds

Enterprise Funds. The enterprise funds are used to account for those operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The County has the following major Enterprise Fund: Solid Waste Fund – for the operation, maintenance, and development of various landfills and disposal sites.

The County reports the following additional fund types:

Fiduciary Funds. Fiduciary funds account for the assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals, the Miscellaneous Agency Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Transylvania County Board of Education, the Register of Deeds fund which accounts for the \$6.20 of each fee collected by the Register of Deeds for registering or filing a deed of trust mortgage that the County is required to remit to the State Treasurer on a monthly basis, the COPs 4 Kids Fund which accounts for donations received by the Sheriff's Office for the COPs 4 Kids program, a program co-sponsored with the City of Brevard Police Department, and the DARE and SHIELD Camp Funds, which account for donations received to fund the camps and are conducted by Sheriff Office employees.

The County reports the following nonmajor governmental funds:

Fire Districts Fund. This special revenue fund accounts for the ad valorem tax levies of the eight fire districts in Transylvania County.

Emergency Telephone System Fund. This special revenue fund accounts for the 911 revenues collected by the North Carolina 911 Board to fund the 911 emergency system.

HOME Fund – This special revenue fund accounts for the HOME – Housing Rehabilitation grant for housing rehabilitation.

Schools Qualified Zone Academy Bond Fund. This capital project fund accounts for funds from the Qualified Zone Academy Bond to be used for specific construction and renovation in the Transylvania County Public Schools. This fund was started during the June 30, 2002 fiscal year.

Golden Leaf Capital Projects Fund – This fund accounts for funds from the Golden Leaf Foundation to be used for the Light Industrial building.

General Capital Projects Fund. This capital project fund accounts for funds set aside to be utilized in various capital projects of the County.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Permanent Fund – Silvermont Reserve Fund. This fund accounts for the investment earnings on the restricted principal of a bequest to the County for maintenance of a County recreation building and County appropriations and private donations for the development and preservation of the historic property.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the state at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Fire Districts Fund, the Emergency Telephone Systems Fund, the Silvermont Reserve Fund and the Solid Waste Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the General Capital Projects Fund, the HOME Fund, the Golden Leaf Capital Projects Fund and the Schools Qualified Zone Academy Bonds Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the functional level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change departmental appropriations. The governing board must approve all amendments that exceed \$50,000 or that reflect the receipt of funds of \$5,000 or more from a source not previously approved by the board unless the funds are pass-through funds with no local money required. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

E. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

F. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

Deposits and Investments

All deposits of the County are made in Board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT).

The County's investments are carried at fair value. Non-participating interest earning contracts are accounted for at cost. The NC Capital Management Trust Government Portfolio, a SEC-registered (2a-7) government money market fund and the NCCMT Term Portfolio's securities are valued at fair value.

Cash and Cash Equivalents

The County pools money from several funds, except the Social Services Agency Fund, to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Restricted Assets

Business-type activities report amounts set aside for the future estimated costs of closure and post-closure of the County's two landfills as restricted assets in the Enterprise Fund. As of June 30, 2019, \$3,399,064 was restricted.

Governmental Activities. The unexpended grant proceeds of \$4,287 in the General Fund represent funds restricted by the grantor for specified expenditures. The restricted cash of \$108,367 in the Silvermont Reserve Fund represent funds restricted by donors.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, penalties and interest do not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2018.

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

Inventories and Prepaid Items

The inventories of the County are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as inventory when purchased and expensed as consumed, as well as real property that has been acquired through foreclosure and is in the process of being re-sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. Minimum capitalization costs are \$5,000 for all land, buildings, improvements, furniture, equipment, and vehicles. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Transylvania County Board of Education properties, which has been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements	10-50 years
Furniture and equipment	5-15 years
Landfill cells	5-15 years
Vehicles	6 years
Computer equipment	5 years

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has two items that meet this criteria – pension and OPEB related deferrals.

In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criteria for this category – prepaid taxes, property taxes receivable, and pension and OPEB related deferrals.

Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities on the Statement of Net Position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

Net Position/Fund Balance

Net Position

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through state statute.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance. This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepaid Items – portion of fund balance that is not an available resource because it represents prepaid amounts, which are not spendable resources.

Long-Term Note Receivable – portion of fund balance that is not an available resource because it represents amount not expected to be converted to cash during the subsequent fiscal year.

Restricted Fund Balance. This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "Restricted by State Statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance. RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation". RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Restricted for Register of Deeds – portion of fund balance that is restricted by revenue source for Register of Deeds.

Restricted for Court Facilities – portion of fund balance that is restricted by revenue source for court facilities.

Restricted for Public Safety – portion of fund balance restricted by revenue source for public safety related activities such as law enforcement and EMS.

Restricted for Fire Departments – portion of fund balance restricted by revenue source for fire protection.

Restricted for Economic and Physical Development – portion of fund balance restricted by revenue source for economic development.

Restricted for Emergency Telephone System – portion of fund balance restricted by revenue source for E-911 communications.

Restricted for Health Department Programs – portion of fund balance restricted by revenue source for public health programs.

Restricted for Social Services – portion of fund balance restricted by revenue source for social services programs.

Restricted for Recreation Programs and Facilities – portion of fund balance restricted by revenue source for use for parks, libraries, arts, and other related activities.

Restricted for Economic Development – portion of fund balance restricted by revenue source for economic development.

Restricted fund balance per Exhibit C differs from Restricted Net Position per Exhibit A by Register of Deeds pension plan of \$82,483.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Restricted fund balance at June 30, 2019 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Permanent Funds</u>	<u>Total</u>
Restricted, All Other:				
Register of Deeds	\$ 75,986	\$ -	\$ -	\$ 75,986
Court facilities	22,064	-	-	22,064
Public safety	560,736	-	-	560,736
Fire departments	-	551,494	-	551,494
Economic and physical development	-	55,639	-	55,639
Emergency telephone system	-	301,668	-	301,668
Health department programs	4,106	-	-	4,106
Social services	59,356	-	-	59,356
Recreation programs and facilities	-	-	108,367	108,367
Total	<u>\$ 722,248</u>	<u>\$ 908,801</u>	<u>\$ 108,367</u>	<u>\$1,739,416</u>

Committed Fund Balance. This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Retiree Health Insurance – portion of fund balance committed by the governing body for retiree health insurance.

Committed for General Capital Projects – portion of fund balance committed by the governing body for general capital projects.

Committed for Law Enforcement Officers’ Separation Allowance – portion of fund balance committed by the governing body for the Law Enforcement Officers’ Separation Allowance obligations.

<u>Purpose</u>	<u>General Fund</u>	<u>Nonmajor Capital Project Funds</u>	<u>Total</u>
Committed:			
Retiree health insurance	\$ 2,749,060	\$ -	\$ 2,749,060
General capital projects	-	656,939	656,939
Law Enforcement Officers' Special Separation Allowance	<u>2,098,801</u>	-	<u>2,098,801</u>
Total	<u>\$ 4,847,861</u>	<u>\$ 656,939</u>	<u>\$ 5,504,800</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Assigned Fund Balance. Assigned fund balance is the portion of fund balance that Transylvania County intends to use for specific purposes. The County's governing body has the authority to assign fund balance. The Manager, as granted in the officially adopted budget ordinance, has been granted limited authority to assign fund balance.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Manager and the Finance Officer to make certain modifications without requiring Board approval.

Assigned for Employee Health Insurance – portion of fund balance that has been budgeted by the Board for self-insurance.

Assigned for Accrued Vacation – portion of fund balance that has been budgeted by the Board for compensated absences.

Assigned for Special Projects – portion of fund balance that has been budgeted by the Board for special projects.

Assigned for Public Safety Projects – portion of fund balance that has been budgeted by the Board for public safety projects.

Assigned for Economic and Physical Development – portion of fund balance budgeted by the Board for economic development incentives and projects.

Assigned for Environmental Protection – portion of fund balance budgeted by the Board for river clean-up.

Assigned for Human Services Programs – portion of fund balance budgeted by the Board for social services and public health programs.

Assigned for Recreation Programs and Facilities – portion of fund balance budgeted by the Board for use for parks, libraries, arts, and other related activities.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Assigned fund balance at June 30, 2019 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Nonmajor Capital Project Funds</u>	<u>Permanent Funds</u>	<u>Total</u>
Assigned:				
Subsequent year's expenditures	\$ 4,163,990	\$ 22,125	\$ -	\$ 4,186,115
Employee health insurance	2,626,763	-	-	2,626,763
Accrued vacation	1,078,566	-	-	1,078,566
Special projects	933,221	-	-	933,221
Public safety projects	1,600,794	-	-	1,600,794
Economic and physical development	2,516,967	-	-	2,516,967
Environmental protection	63,121	-	-	63,121
Human services programs	898,345	-	-	898,345
Recreation programs and facilities	1,357,853	-	231,087	1,588,940
Total	<u>\$ 15,239,620</u>	<u>\$ 22,125</u>	<u>\$ 231,087</u>	<u>\$ 15,492,832</u>

Unassigned Fund Balance. Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount.

Transylvania County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, federal funds, state funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

The County has not officially adopted a fund balance policy.

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation.

Total fund balance - General Fund	\$ 33,777,881
Less:	
Prepays	(203,718)
Inventories	(33,912)
Long-term note receivable	(4,652,871)
Stabilization for state statute	<u>(3,877,130)</u>
Total available fund balance	<u>\$ 25,010,250</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Defined Benefit Cost-Sharing Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the state; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF), (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due, and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

G. Revenues, Expenditures, and Expenses

Compensated Absences

The vacation policy of the County provides for the accumulation of up to 30 days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policies of the County provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County does not have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Claims

The County is self-insured for health coverage for its employees. These claims are paid weekly by the County through its agent. The County's policy is to record claims incurred, but not yet reported, if material.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

2. Stewardship, Compliance, and Accountability

Significant Violations of Finance-Related Legal and Contractual Provisions

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2019, the expenditures made in the following funds exceeded the authorized appropriations made by the governing board. These over expenditures occurred because of unplanned expenditures at year end. Management and the Board will more closely review the budget reports to ensure compliance in future years.

General Fund	
Governing board	\$ 7
Finance	2,727
Legal	20,626
Public assistance	72,098
Debt service	84,453
Permanent Fund	
Operating expenditures	807
General Capital Project Fund	
Transfers	67,164
Fire Districts Fund	
Little River Fire District	1

3. Detail Notes on All Funds

A. Assets

Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agent in its name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the County's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County does not have a policy regarding custodial credit risk for deposits.

At June 30, 2019, the County's deposits had a carrying amount of \$2,121,436 and a bank balance of \$2,457,236. Of the bank balance, \$170,449 was covered by federal depository insurance and \$2,286,787 by collateral held under the Pooling Method. Cash on hand was \$2,869 at June 30, 2019.

Investments

At June 30, 2019, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-3 Years</u>
NC Capital Management				
Trust Government Portfolio	Fair Value - Level 1	\$ 32,304,360	N/A	N/A
U.S. Treasuries	Fair Value - Level 1	1,249,279	149,649	1,099,630
U.S. Government Agencies	Fair Value - Level 2	2,138,863	299,511	1,839,352
Total		<u>\$ 35,692,502</u>	<u>\$ 449,160</u>	<u>\$2,938,982</u>

*As of June 30, 2019, the NCCMT Term Portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of Fair Value Hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) inactive markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). To best mitigate against credit risk, the County requires a diversification of investments. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments, as permitted under North Carolina General Statutes 159-30 as amended. The County's investments carried the following credit ratings as of June 30, 2019.

<u>Investment</u>	<u>S & P</u>	<u>Moody's</u>	<u>Investment Type</u>
NC Capital Management			NC Capital Management
Trust Government Portfolio	AAA	N/A	Trust Government Portfolio
US Treasury Note	AA+	Aaa	Government agencies
Federal National Mortgage Association	AA+	Aaa	Government agencies
Federal Home Loan Mortgage Corporation	AA+	Aaa	Government agencies

Property Tax – Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. Interest accrues at the rate of 8 percent per year. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Ended				
June 30	Tax	Interest	Total	
2016	\$ 1,095,017	\$ 284,389	\$ 1,379,406	
2017	1,305,007	217,153	1,522,160	
2018	1,291,168	103,293	1,394,461	
2019	1,219,087	-	1,219,087	
Total	<u>\$ 4,910,279</u>	<u>\$ 604,835</u>	<u>\$ 5,515,114</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Receivables

Receivables at the government-wide level at June 30, 2019 were as follows:

	<u>Accounts</u> <u>Receivable</u>	<u>Taxes</u> <u>Receivable</u>	<u>Due from</u> <u>Other</u> <u>Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 189,482	\$ 143,753	\$ 3,687,648	\$ 4,020,883
Other governmental	-	18,275	59,132	77,407
Total receivables	189,482	162,028	3,746,780	4,098,290
Allowance for doubtful accounts	-	(75,734)	-	(75,734)
Total governmental activities	<u>\$ 189,482</u>	<u>\$ 86,294</u>	<u>\$ 3,746,780</u>	<u>\$ 4,022,556</u>
Business-Type Activities:				
Solid waste	\$ 88,268	\$ -	\$ 51,557	\$ 139,825
Allowance for doubtful accounts	(8,491)	-	-	(8,491)
Total business-type activities	<u>\$ 79,777</u>	<u>\$ -</u>	<u>\$ 51,557</u>	<u>\$ 131,334</u>

Due from other governments that is owed to the County consists of the following:

Governmental Activities:

Local option sales tax	\$ 2,303,664
Sales taxes receivable	256,492
State and federal funding	891,337
Due from municipalities	4,418
Due from educational institutions	71,614
General government motor vehicle taxes	163,593
Fire department motor vehicle taxes	20,414
NC 911 PSAP funds	35,248
Total governmental activities	<u>\$ 3,746,780</u>

Business-Type Activities:

Scale sales	\$ 33,012
Tire recycling	12,552
Solid waste disposal tax	5,993
Total business-type activities	<u>\$ 51,557</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Capital Assets

A summary of changes in the County's governmental capital assets is as follows:

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2019</u>
Non-Depreciable Assets:					
Land	\$ 3,379,666	\$ -	\$ -	\$ -	\$ 3,379,666
Construction in progress	<u>353,070</u>	<u>194,789</u>	<u>(247,112)</u>	<u>(224,021)</u>	<u>76,726</u>
Total non-depreciable assets	<u>3,732,736</u>	<u>194,789</u>	<u>(247,112)</u>	<u>(224,021)</u>	<u>3,456,392</u>
Depreciable Assets:					
Buildings	44,578,322	303,392	-	224,021	45,105,735
Improvements	2,043,991	26,686	-	-	2,070,677
Equipment	8,011,242	408,833	(248,736)	-	8,171,339
Vehicles	<u>5,639,630</u>	<u>1,112,073</u>	<u>(218,265)</u>	<u>(22,432)</u>	<u>6,511,006</u>
Total depreciable assets	<u>60,273,185</u>	<u>1,850,984</u>	<u>(467,001)</u>	<u>201,589</u>	<u>61,858,757</u>
Less Accumulated Depreciation:					
Buildings	12,160,265	971,506	-	-	13,131,771
Improvements	889,505	93,130	-	-	982,635
Equipment	6,071,647	400,349	(241,703)	-	6,230,293
Vehicles	<u>3,484,119</u>	<u>533,033</u>	<u>(183,266)</u>	<u>(20,189)</u>	<u>3,813,697</u>
Total accumulated depreciation	<u>22,605,536</u>	<u>1,998,018</u>	<u>(424,969)</u>	<u>(20,189)</u>	<u>24,158,396</u>
Depreciable assets, net	<u>37,667,649</u>	<u>(147,034)</u>	<u>(42,032)</u>	<u>221,778</u>	<u>37,700,361</u>
Capital assets, net	<u>\$ 41,400,385</u>	<u>\$ 47,755</u>	<u>\$ (289,144)</u>	<u>\$ (2,243)</u>	<u>\$ 41,156,753</u>

Depreciation expense was charged to functions/programs of the County as follows:

General government	\$ 332,673
Public safety	1,212,305
Transportation	30,268
Education	25,956
Economic & physical development	695
Human services	152,501
Cultural and recreational	243,620
Total depreciation expense	<u>\$ 1,998,018</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

A summary of changes in the County's business-type capital assets is as follows:

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2019</u>
Solid Waste:					
Non-Depreciable Assets:					
Land	\$ 1,130,910	\$ -	\$ -	\$ -	\$ 1,130,910
Total non-depreciable assets	<u>1,130,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,130,910</u>
Depreciable Assets:					
Buildings	283,247	-	-	-	283,247
Land improvements	751,147	63,313	-	-	814,460
Equipment	2,716,447	72,535	-	-	2,788,982
Vehicles	768,735	-	(100,897)	22,432	690,270
Landfill cells - Woodruff	<u>8,205,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,205,437</u>
Total depreciable assets	<u>12,725,013</u>	<u>135,848</u>	<u>(100,897)</u>	<u>22,432</u>	<u>12,782,396</u>
Less Accumulated Depreciation:					
Buildings	267,945	1,113	-	-	269,058
Land improvements	515,303	34,483	-	-	549,786
Equipment	1,941,528	83,809	-	-	2,025,337
Vehicles	501,894	48,904	(88,137)	20,189	482,850
Landfill cells - Woodruff	<u>7,226,370</u>	<u>178,358</u>	<u>-</u>	<u>-</u>	<u>7,404,728</u>
Total accumulated depreciation	<u>10,453,040</u>	<u>\$ 346,667</u>	<u>\$ (88,137)</u>	<u>\$ 20,189</u>	<u>10,731,759</u>
Total depreciable assets, net	<u>2,271,973</u>				<u>2,050,637</u>
Capital assets, net	<u>\$ 3,402,883</u>				<u>\$ 3,181,547</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

B. Liabilities

Payables

Payables at Exhibit A at June 30, 2019 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Insurance Claims Incurred, But Not Reported</u>	<u>Total</u>
Governmental Activities:				
General	\$ 894,486	\$ 348,318	\$ 368,367	\$ 1,611,171
Other governmental	<u>64,697</u>	<u>-</u>	<u>-</u>	<u>64,697</u>
Total governmental activities	<u>\$ 959,183</u>	<u>\$ 348,318</u>	<u>\$ 368,367</u>	<u>\$ 1,675,868</u>
Business-Type Activities:				
Solid waste	<u>\$ 152,299</u>	<u>\$ 17,033</u>	<u>\$ -</u>	<u>\$ 169,332</u>

Pension Plan and Other Post-Employment Obligations

Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the state-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,197,774 for the year ended June 30, 2019.

Refunds of Contributions – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the County reported a liability of \$5,075,626 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the County's proportion was 0.21395%, which was a decrease of 0.01464% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$1,459,282. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 783,048	\$ 26,275
Changes of assumptions	1,346,875	-
Net difference between projected and actual earnings on pension plan investments	696,732	-
Changes in proportion and differences between County contributions and proportionate share of contributions	90,601	76,084
County contributions subsequent to the measurement date	1,197,774	-
Total	<u>\$ 4,115,030</u>	<u>\$ 102,359</u>

\$1,197,774 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ 1,376,016
2021	889,710
2022	163,667
2023	385,504
Total	<u>\$ 2,814,897</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	<u>6.0%</u>	4.0%
Total	<u>100.00%</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 12,192,093	\$ 5,075,626	\$ (871,005)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Law Enforcement Officers’ Special Separation Allowance

Plan Description. The County administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the County’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of 60 active plan members and six retired and terminated members. A separate report was not issued for the plan.

Retirees receiving benefits	6
Active plan members	<u>60</u>
Total	<u><u>66</u></u>

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria, which are outlined in GASB Statement 73.

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20-Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2014.

Deaths After Retirement (Healthy): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths Before Retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Deaths After Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP- 2015. Rates are adjusted by 123% for males and females.

Deaths After Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$101,412 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions

At June 30, 2019, the County reported a total pension liability of \$1,975,412. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$169,489.

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 125,062	\$ 55,914
Changes of assumptions	75,147	75,093
County benefit payments and plan administrative expense made subsequent to the measurement date	66,986	-
Total	\$ 267,195	\$ 131,007

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The County paid \$66,986 in benefit payments made and administrative expenses subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ending June 30, 2020. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Amount
2020	\$ 22,214
2021	22,214
2022	22,214
2023	16,965
2024	(14,405)
Thereafter	-
Total	<u>\$ 69,202</u>

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 3.64 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	<u>\$ 2,121,107</u>	<u>\$ 1,975,412</u>	<u>\$ 1,841,760</u>

Schedule of Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance

	<u>2019</u>
Beginning balance	\$ 2,066,762
Service cost	82,840
Interest on the total pension liability	63,707
Difference between expected and actual experience in the measurement of the total pension liability	(68,096)
Changes of assumptions or other inputs	(68,389)
Benefit payments	(101,412)
Ending balance of the total pension liability	<u>\$ 1,975,412</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Changes of Assumptions. Changes of assumption and other inputs reflect a change in the Municipal Bond Index Rate from 3.16% at December 31, 2017 to 3.64% at December 31, 2018.

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (the “Plan”), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5 percent of each officer’s salary, and all amounts contributed are vested immediately. The law enforcement officers may make voluntary contributions to the Plan.

The County made contributions of \$143,335 for the reporting year. No amounts were forfeited.

Register of Deeds’ Supplemental Pension Fund

Plan Description. Transylvania County also contributes to the Registers of Deeds’ Supplemental Pension Fund (RODSPF), a non-contributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees’ Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor one appointed by the state Senate, one appointed by the state House of

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,452 for the year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the County reported an asset of \$60,685 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2018, the County's proportion was 0.36639%, which was a decrease of 0.06027% from its proportion measured as of June 30, 2017.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

For the year ended June 30, 2019, the County recognized pension expense of \$15,070. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 535	\$ 2,770
Changes of assumptions	2,854	-
Net difference between projected and actual earnings on pension plan investments	9,673	-
Changes in proportion and differences between County contributions and proportionate share of contributions	8,695	641
County contributions subsequent to the measurement date	3,452	-
Total	\$ 25,209	\$ 3,411

\$3,452 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2020. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ 8,916
2021	5,077
2022	2,851
2023	1,502
Total	\$ 18,346

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2018 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (47,847)	\$ (60,685)	\$ (71,512)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for LGERS and ROD was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of December 31, 2018, with an actuarial valuation date of December 31, 2017. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	LEOSSA	ROD	Total
Proportionate share of net pension liability (asset)	\$ 5,075,626	\$ -	\$ (60,685)	\$ 5,014,941
Proportion of the net pension liability (asset)	0.21395%	N/A	0.36639%	-
Total pension liability	-	1,975,412	-	1,975,412
Pension expense	1,459,282	169,489	15,070	1,643,841

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
Deferred Outflows of Resources:				
Differences between expected and actual experience	\$ 783,048	\$ 125,062	\$ 535	\$ 908,645
Changes of assumptions	1,346,875	75,147	2,854	1,424,876
Net difference between projected and actual earnings on pension plan investments	696,732	-	9,673	706,405
Changes in proportion and differences between County contributions and proportionate share of contributions	90,601	-	8,695	99,296
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>1,197,774</u>	<u>66,986</u>	<u>3,452</u>	<u>1,268,212</u>
Total	<u>\$ 4,115,030</u>	<u>\$ 267,195</u>	<u>\$ 25,209</u>	<u>\$ 4,407,434</u>
Deferred Inflows of Resources:				
Differences between expected and actual experience	\$ 26,275	\$ 55,914	\$ 2,770	\$ 84,959
Changes of assumptions	-	75,093	-	75,093
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>76,084</u>	<u>-</u>	<u>641</u>	<u>76,725</u>
Total	<u>\$ 102,359</u>	<u>\$ 131,007</u>	<u>\$ 3,411</u>	<u>\$ 236,777</u>

Other Post-Employment Benefits

Healthcare Benefits

Plan Description. According to a County resolution, at retirement, all employees have the option to purchase COBRA basic medical/dental insurance at the County's group rate. The entire cost of this insurance is borne by the employees. They are eligible for COBRA for the lesser of 18 months or until they reach age 65.

Also, under the terms of a County resolution, the County provided employees with ten years of service to the County, at the time the plan was implemented, the option of retiree health insurance or County funded contributions to the deferred compensation plan. Based on the County's resolution, retirees are eligible to participate in the Retiree Health Benefit Plan until they become eligible for Medicare, currently at age 65. Depending on years of service, retirees qualify for lower contributions under the terms of the plan. This was a one-time

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

irrevocable election. All other employees are eligible only for the County funded contributions to the deferred compensation plan. A separate audited GAAP-basis post-employment benefit plan report is not available for the Retiree Health Benefit Plan. The plan is a single-employer defined benefit plan. A separate report was not issued for the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Membership of the Retiree Health Benefit Plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	27
Active plan members	<u>20</u>
Total	<u><u>47</u></u>

Funding Policy. The County pays a portion of the cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that may be amended by the Board of Commissioners. The County's members pay a monthly fee for dependent coverage. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis. As of June 30, 2019, the County has committed \$2,749,060 for the payment of future retiree health benefits.

Total OPEB Liability

The County's total OPEB liability of \$3,660,348 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	
General employees	3.50 - 7.75 percent
Firefighters	3.50 - 7.75 percent
Law enforcement officers	3.50 - 7.35 percent
Municipal bond index rate	
Prior measurement date	3.56 percent
Measurement date	3.89 percent
Healthcare cost trend rates	
Pre-medicare medical and prescription drug	7.25 percent for 2018 decreasing to an ultimate rate of 4.75 percent by 2028
Dental	4.00 percent

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The County selected a Municipal Bond Index Rate equal to the June average of the Bond Buyer 20-year General Obligation Bond Index published weekly by The Bond Buyer, and the discount rate used to measure the TOL is the Municipal Bond Index Rate as of the measurement date.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2018	\$ 3,777,394
Changes for the year:	
Service cost	59,784
Interest	132,075
Differences between expected and actual experience	(285,138)
Changes of assumptions or other inputs	112,290
Benefit payments	(136,057)
Net changes	(117,046)
Balance at June 30, 2019	\$ 3,660,348

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.56% to 3.89%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB liability	\$ 3,860,345	\$ 3,660,348	\$ 3,473,929

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1%</u> <u>Decrease</u>	<u>Current</u>	<u>1%</u> <u>Increase</u>
Total OPEB liability	<u>\$ 3,475,075</u>	<u>\$ 3,660,348</u>	<u>\$ 3,859,042</u>

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the County recognized OPEB expense of (\$18,808). At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ -	\$ 120,461
Changes of assumptions	37,430	21,154
Benefit payments and plan administrative expense made subsequent to the measurement date	<u>223,454</u>	<u>-</u>
Total	<u>\$ 260,884</u>	<u>\$ 141,615</u>

\$223,454 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Total</u>
2020	<u>\$ (104,185)</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (the "Death Benefit Plan"), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but no less than \$25,000 and no more than \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

Closure and Post-Closure Care Costs – Woodruff Road Landfill Facility

Federal and state laws and regulations require the County to place a final cover on its Woodruff Road Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. In addition, North Carolina General Statutes recently began requiring counties to provide financial assurance sufficient to cover a minimum of \$2,000,000 in costs for potential assessment and corrective action (PACA) at the facility. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County appropriates funds annually for a portion of these costs, based on landfill capacity used as of each balance sheet date. In FY 2014, the County also included a portion of the PACA costs. Of the \$6,353,422 reported as landfill closure and post-closure care and PACA liability at June 30, 2019, \$4,573,905 is for closure and post-closure care costs and \$1,779,517 is for PACA costs. Both are a cumulative amount reported to date based on the use of 86 percent of the total estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and post-closure care and PACA in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects the portion of the Woodruff Road Landfill Facility currently being used to reach its permitted capacity in approximately 8.7 years.

The County has met the requirements of a local government financial test that is one option under federal and state laws and regulations that help determine if a unit is financially able to meet closure and post-closure care and PACA requirements. In addition, the County has elected to establish a reserve fund to accumulate resources for the payment of the closure and post-closure care costs. As of June 30, 2019, the County had funds of \$3,399,064 in a local bank restricted for this purpose. The County expects that future inflation costs will be paid from the interest earnings in this account. However, if interest earnings are inadequate or

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year-end are comprised of the following:

<u>Source</u>	<u>Amount</u>
Pension deferrals	\$ 4,407,434
OPEB deferrals	260,884
Total	<u>\$ 4,668,318</u>

Deferred inflows of resources at year-end are comprised of the following:

<u>Source</u>	<u>Amount</u>
Prepaid taxes (General Fund)	\$ 17,562
Prepaid taxes (Special Revenue Fund)	3,019
Taxes receivable, net (General Fund)	75,936
Taxes receivable, net (Special Revenue Fund)	10,358
Pension deferrals	236,777
OPEB deferrals	141,615
Total	<u>\$ 485,267</u>

Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools, administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$57.2 million for any one occurrence; general, auto, public officials, law enforcement and employment practices liability coverage of \$2 million per occurrence; cyber liability coverage of \$1,000,000 per occurrence; auto physical damage coverage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 retention up to a \$2 million limit for liability coverage, and \$499,750,000 of each loss in excess of \$250,000 per occurrence retention for property and auto physical damage. For workers' compensation, there is a per occurrence retention of \$750,000. For health insurance, the County provides coverage through Blue Cross and Blue Shield of North Carolina and is reinsured for individual losses in excess of \$75,000 and aggregate annual losses in excess of 125 percent of expected claims.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported (IBNRs).

Changes in the balances of claims liabilities for health insurance during the past fiscal year are as follows:

	<u>2019</u>	<u>2018</u>
Unpaid claims, beginning	\$ 371,540	\$ 369,021
Incurred claims	2,683,629	2,952,038
Claim payments	<u>(2,686,802)</u>	<u>(2,949,519)</u>
Unpaid claims, ending	<u>\$ 368,367</u>	<u>\$ 371,540</u>

The County has not obtained separate flood insurance due to the limited likelihood of County property sustaining flood damage. The County's property insurance provides what is deemed to be adequate coverage for the County's exposure.

In accordance with G.S. 159-29, the Finance Director, the County Manager, and the Tax Collector are individually bonded for \$200,000 each. In addition, the Register of Deeds is bonded for \$50,000, and the Sheriff is bonded for \$25,000. All other County employees who are not required to be bonded individually have fidelity coverage through the Crime Section of the County's liability insurance policy referenced above.

In accordance with G.S. 159-29, Transylvania County's employees that administer and have access to \$100 or more of the Transylvania County Tourism Development Authority's funds at any given time are performance bonded through a commercial surety bond. Transylvania County's Finance Officer, who is responsible for accounting of the Authority's funds, is bonded separately under a surety bond for the Authority for \$50,000.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

Long-Term Obligations

School Construction Bonds

In March 2010, the County issued \$1,297,778 of Qualified School Construction Bonds at 2.09 percent interest to finance the construction of a career and technical education building at a local high school for the Transylvania County Board of Education. The balance outstanding at June 30, 2019, totaled \$324,446.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The County's outstanding notes from direct placements related to governmental activities of \$324,446 are secured with mortgaged property. The County's outstanding notes from direct placements related to governmental activities of \$324,446 contain provisions that an event of default would result in (a) declare the unpaid principal components of the Installment Payments immediately due and payable; (b) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (c) as provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner the bank may reasonably deem appropriate; and (d) avail itself of all available remedies under the financing agreement, including execution and foreclosure as provided in Sections 8.03 and 8.04 of the financing agreement, and recovery of attorneys' fees and other expenses.

The debt service requirements to maturity for the County's Qualified School Construction Bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2020	\$ 108,148	\$ 6,781	\$ 114,929
2021	108,148	4,521	112,669
2022	108,150	2,260	110,410
Total	<u>\$ 324,446</u>	<u>\$ 13,562</u>	<u>\$ 338,008</u>

Installment Financing Contracts

The County entered into an installment financing contract on November 6, 2008, with RBC Bank in the amount of \$2,900,000. The proceeds from this installment financing contract were used to complete the Public Safety Facility. The contract requires 60 quarterly payments of \$48,333 by the County and concurrent interest payments at an interest rate of 4.25 percent. The balance outstanding at June 30, 2019 totaled \$870,000.

The County entered into an installment financing contract on September 30, 2015, with Branch Banking & Trust Company in the amount of \$1,807,457. The proceeds from this installment financing contract were used to complete the County building. The contract requires four annual payments of \$30,124 by the County and concurrent interest payments at an interest rate of 2.64 percent. The balance outstanding at June 30, 2019 totaled \$1,298,809.

The County's outstanding notes from direct placements related to governmental activities of \$870,000 contain provisions that an event of default would result in (a) declare the entire principal amount of the Installment Payments and all accrued interest and other charged immediately due and payable without notice or demand to the County; (b) proceed by appropriate court action to enforce performance by the County of the applicable covenants of this Contract or to recover for the breach thereof; (c) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State of North Carolina

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

and the general laws of the State of North Carolina with respect to the enforcement of the security interest granted or reserved hereunder, including, without limitation, to the extent permitted by law, take possession of any collateral without any court order or other process of law and without liability for entering the Property and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all costs and expenses, including court costs and attorneys' fees, incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition costs, toward the balance due under this Contract and, thereafter, shall pay any remaining proceeds to the County; (d) take possession of any proceeds of the Property, including Net Proceeds; or (e) pursue any other remedy available at law or equity to the Bank.

The County's outstanding notes from direct placements related to governmental activities of \$1,298,809 are secured with mortgaged property. The County's outstanding notes from direct placements related to governmental activities of \$1,298,809 contain provisions that an event of default would result in (a) declare the unpaid principal components of the Installment Payments immediately due and payable; (b) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (c) as provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner the bank may reasonably deem appropriate; and (d) avail itself of all available remedies under the financing agreement, including execution and foreclosure as provided in Sections 8.03 and 8.04 of the financing agreement, and recovery of attorneys' fees and other expenses.

The debt service requirements to maturity for the County's installment financing contracts are as follows:

Year Ending June 30	Principal	Interest	Total
2020	\$ 313,830	\$ 73,770	\$ 387,600
2021	313,830	60,112	373,942
2022	313,830	46,454	360,284
2023	313,830	32,795	346,625
2024	217,164	21,911	239,075
2025-2029	602,486	54,138	656,624
2030-2031	93,839	1,881	95,720
Total	<u>\$ 2,168,809</u>	<u>\$ 291,061</u>	<u>\$ 2,459,870</u>

At June 30, 2019, the County had a legal debt margin of \$456,813,374.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2019:

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>	<u>Current Portion</u>
Governmental Activities:					
Notes from direct placements:					
Qualified School Construction debt	\$ 432,594	\$ -	\$ 108,148	\$ 324,446	\$ 108,148
Installment financing	2,569,550	-	400,741	2,168,809	313,830
Net pension liability - LGERS	3,317,611	1,504,234	-	4,821,845	-
Total pension liability - LEO	2,066,762	-	91,350	1,975,412	-
Total OPEB liability	3,588,524	-	111,193	3,477,331	-
Compensated absences	<u>1,071,370</u>	<u>1,068,692</u>	<u>878,493</u>	<u>1,261,569</u>	<u>1,072,334</u>
Total	<u>\$ 13,046,411</u>	<u>\$ 2,572,926</u>	<u>\$ 1,589,925</u>	<u>\$ 14,029,412</u>	<u>\$ 1,494,312</u>
Business-Type Activities:					
Total OPEB liability	\$ 188,870	\$ -	\$ 5,853	\$ 183,017	\$ -
Net pension liability - LGERS	174,611	79,170	-	253,781	-
Accrued landfill closure and post-closure care costs	6,219,997	133,425	-	6,353,422	-
Compensated absences	<u>19,654</u>	<u>26,071</u>	<u>21,723</u>	<u>24,002</u>	<u>20,402</u>
Total	<u>\$ 6,603,132</u>	<u>\$ 238,666</u>	<u>\$ 27,576</u>	<u>\$ 6,814,222</u>	<u>\$ 20,402</u>

Compensated absences, net pension liabilities, and other post-employment benefits have typically been liquidated in the General Fund. Compensated absences are accounted for on an LIFO basis, assuming that employees are taking leave time as it is earned.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

C. Net Investment in Capital Assets

The total net investment in capital assets as of June 30, 2019, is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	\$ 41,156,753	\$ 3,181,547
Less: capital debt		
Gross debt	2,493,255	-
Less:		
School debt related to assets to which the County does not hold title	(324,446)	-
Net capital debt	2,168,809	-
Net investment in capital assets	\$ 38,987,944	\$ 3,181,547

D. Interfund Balances and Activity

Transfers from/to other funds at June 30, 2019 consist of the following:

From the General Fund to the HOME Fund to provide initial funds for project expenditures	60,000
From the General Fund to the Golden Leaf Capital Projects Fund for construction on the Light Industrial Building	\$ 450,000
From the General Fund to the Solid Waste Fund to supplement other funding sources	504,658
From the General Fund to the Fire Districts Fund to offset low base growth in the North Transylvania Fire Service Tax District	102,112
Total transfers from General Fund to other funds	\$ 1,116,770
To the General Fund from the General Capital Project Funds to supplement other funding sources	\$ 87,164
Total transfers from other funds to General Fund	\$ 87,164

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

4. Related Organization

The Chairman of the County's governing board is also responsible for appointing the members of the Board of the Transylvania County Industrial Facility and Pollution Control Authority, but the County's accountability for this organization does not extend beyond making these appointments. The Authority was established in past years, and appointments were made by previous chairmen of the County's governing board. The Authority was formed so that the organization would be in place if it were ever needed, but has not been active since its inception.

5. Joint Ventures

Transylvania County and the Transylvania County Board of Education entered into an agreement dated March 1, 2010. Under this agreement, the Board of Education transferred title to a portion of the Rosman High School property to the County to use as collateral for the Qualified School Construction Bond obtained for the construction of a career and technical education building. The County will lease the property back to the school until the loan is paid, at which time the property will revert to the school. Based on the current amortization schedule, this venture will terminate in December 2021.

Transylvania County and the Transylvania County Board of Education entered into an interlocal agreement dated February 25, 2019 to govern the development of \$68,000,000 in new construction and renovation projects at the County's two high schools to be financed by general obligation bonds approved by voters at the November 2018 election.

Transylvania County, the City of Brevard and the Transylvania Economic Alliance entered into an agreement dated November 14, 2017 concerning the expansion of economic development opportunities within the City of Brevard and Transylvania County. Under the terms of the agreement, the City of Brevard conveyed a parcel of land to the Alliance and the County agreed to finance the construction of a manufacturing facility. In return, the Alliance entered into promissory notes with both entities with the value of the City's note being forgiven after five years or the sale of the facility and the County's portion being paid down by proceeds from lease of facility or through the sale of the facility by the Alliance to a private entity. The facility opened formally to private use under the management of the Alliance in January 2019.

6. Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

TRANSYLVANIA COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

7. Claims and Judgments

At June 30, 2019, the County was a defendant to various lawsuits. In the opinion of the County's Management and the County Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles.

- **Schedule of Changes in Total Pension Liability for Law Enforcement Officers' Special Separation Allowance – Last Three Fiscal Years**
- **Schedule of Total Pension Liability as a Percentage of Covered Payroll for Law Enforcement Officers' Special Separation Allowance – Last Three Fiscal Years**
- **Schedule of Changes in the Total OPEB Liability and Related Ratios – Retiree Health Plan**
- **Notes to Required Schedules of Other Post-Employment Benefits - Retiree Health Plan**
- **Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System – Last Six Fiscal Years**
- **Schedule of Contributions to Local Government Employees' Retirement System – Last Six Fiscal Years**
- **Schedule of Proportionate Share of Net Pension Liability (Asset) for Register of Deed's Supplemental Pension Fund – Last Six Fiscal Years**
- **Schedule of Contributions to Register of Deed's Supplemental Pension Fund – Last Six Fiscal Years**

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TRANSYLVANIA COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST THREE FISCAL YEARS**

	Law Enforcement Officers' Special Separation Allowance		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 2,066,762	\$ 1,694,384	\$ 1,655,418
Service cost	82,840	75,265	72,405
Interest on the total pension liability	63,707	64,010	58,119
Differences between expected and actual experience in the measurement of the total pension liability	(68,096)	190,712	-
Changes of assumptions or other inputs	(68,389)	114,593	(36,692)
Benefit payments	<u>(101,412)</u>	<u>(72,202)</u>	<u>(54,866)</u>
Ending balance of the total pension liability	<u>\$ 1,975,412</u>	<u>\$ 2,066,762</u>	<u>\$ 1,694,384</u>

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

This schedule is intended to show information for ten years.

Additional years' information will be displayed as it becomes available.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST THREE FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance			
	2019	2018	2017
Total pension liability	\$ 1,975,412	\$ 2,066,762	\$ 1,694,384
Covered payroll	2,979,305	3,025,120	2,838,700
Total pension liability as a percentage of covered payroll	66.30%	68.32%	59.69%

Notes to the Schedules:

Transylvania County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

This schedule is intended to show information for ten years.

Additional years' information will be displayed as it becomes available.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
 LAST TWO FISCAL YEARS**

Other Post-Employment Benefits		
	2019	2018
Service cost	\$ 59,784	\$ 64,873
Interest	132,075	117,703
Differences between expected and actual experience	(285,138)	(138,367)
Changes of assumptions or other inputs	112,290	(115,172)
Benefit payments	<u>(136,057)</u>	<u>(123,160)</u>
Net change in total OPEB liability	(117,046)	(194,123)
Total OPEB liability - beginning	<u>3,777,394</u>	<u>3,971,517</u>
Total OPEB liability - ending	<u>\$ 3,660,348</u>	<u>\$ 3,777,394</u>
Covered payroll	\$ 1,153,125	\$ 2,033,757
Total OPEB liability as a percentage of covered payroll	317.43%	185.73%

Notes to the Required Schedules:

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Fiscal Year	Rate
2018	3.56%
2019	3.89%

TRANSYLVANIA COUNTY, NORTH CAROLINA

TRANSYLVANIA COUNTY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS*

	Local Governmental Employees' Retirement System					
	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.21395%	0.22859%	0.21772%	0.21686%	0.21288%	0.21400%
County's proportion of the net pension liability (asset) (\$)	\$ 5,075,626	\$ 3,492,222	\$ 4,620,747	\$ 973,254	\$ (1,255,453)	\$ 2,579,522
County's covered payroll	\$ 14,316,146	\$ 14,615,583	\$ 13,754,619	\$ 13,295,491	\$ 12,789,506	\$ 11,643,680
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.45%	23.89%	33.59%	7.32%	-9.82%	22.15%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30.

**This will be the same percentage for all participant employers in the LGERS plan.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TRANSYLVANIA COUNTY, NORTH CAROLINA

TRANSYLVANIA COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS

	Local Governmental Employees' Retirement System					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,197,774	\$ 1,095,723	\$ 1,082,984	\$ 932,593	\$ 939,521	\$ 903,438
Contributions in relation to the contractually required contribution	1,197,774	1,095,723	1,082,984	932,593	939,521	903,438
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 15,202,874	\$ 14,316,146	\$ 14,615,583	\$ 13,754,619	\$ 13,295,491	\$ 12,789,506
Contributions as a percentage of covered payroll	7.88%	7.65%	7.41%	6.78%	7.07%	7.06%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TRANSYLVANIA COUNTY, NORTH CAROLINA

**TRANSYLVANIA COUNTY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS***

	Register of Deeds' Supplemental Pension Fund					
	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.36639%	0.42666%	0.42072%	0.41405%	0.40700%	0.40500%
County's proportion of the net pension liability (asset) (\$)	\$ (60,685)	\$ (72,827)	\$ (78,658)	\$ (95,952)	\$ (92,215)	\$ (86,472)
County's covered payroll	\$ 68,692	\$ 69,825	\$ 67,880	\$ 64,593	\$ 62,675	\$ 61,449
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-88.34%	-104.30%	-115.88%	-148.55%	-147.13%	-140.72%
Plan fiduciary net position as a percentage of the total pension liability**	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30.

** This will be the same percentage for all participant employers in the ROD plan.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TRANSYLVANIA COUNTY, NORTH CAROLINA

TRANSYLVANIA COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARSRegister of Deeds' Supplemental Pension Fund

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,452	\$ 3,463	\$ 3,707	\$ 3,437	\$ 3,313	\$ 3,322
Contributions in relation to the contractually required contribution	<u>3,452</u>	<u>3,463</u>	<u>3,707</u>	<u>3,437</u>	<u>3,313</u>	<u>3,322</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 70,056	\$ 68,692	\$ 69,825	\$ 67,880	\$ 64,593	\$ 62,675
Contributions as a percentage of covered payroll	4.93%	5.04%	5.31%	5.06%	5.13%	5.30%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund accounts for resources traditionally associated with the government that are not required legally or by sound fiscal management to be accounted for in other funds.

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TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 29,414,460	\$ 29,948,660	\$ 534,200
Penalties and interest	81,400	80,162	(1,238)
Total	<u>29,495,860</u>	<u>30,028,822</u>	<u>532,962</u>
Local Option Sales Taxes:			
Article 39 and 44	3,507,170	3,889,987	382,817
Article 40, one-half of one percent	2,464,750	2,402,920	(61,830)
Article 42, one-half of one percent	1,850,270	1,974,385	124,115
Medicaid hold harmless	700,000	1,007,568	307,568
Total	<u>8,522,190</u>	<u>9,274,860</u>	<u>752,670</u>
Other Taxes and Licenses:			
Deed stamp excise tax	152,000	131,101	(20,899)
Real estate transfer tax	675,000	755,775	80,775
Total	<u>827,000</u>	<u>886,876</u>	<u>59,876</u>
Unrestricted Intergovernmental Revenues:			
Payments in lieu of taxes - outside sources	225,000	241,254	16,254
ABC profit distribution & 5 cent bottle liquor	86,000	53,181	(32,819)
Video programming services tax	101,500	101,715	215
Total	<u>412,500</u>	<u>396,150</u>	<u>(16,350)</u>
Restricted Intergovernmental Revenues:			
State grants	1,655,219	1,318,799	(336,420)
Federal grants	4,585,775	4,611,623	25,848
Court facility fees	30,750	29,222	(1,528)
Other restricted funds	211,489	203,583	(7,906)
Total	<u>6,483,233</u>	<u>6,163,227</u>	<u>(320,006)</u>
Permits and Fees:			
Register of Deeds	78,851	71,444	(7,407)
Building permits	525,000	574,624	49,624
Total	<u>603,851</u>	<u>646,068</u>	<u>42,217</u>
Sales and Services:			
Rents, concessions, and fees	1,912,110	2,072,433	160,323
Ambulance fees	1,417,165	1,365,882	(51,283)
Recreation department	57,200	61,410	4,210
Town of Rosman	2,350	2,639	289
City of Brevard	144,650	123,167	(21,483)
Total	<u>3,533,475</u>	<u>3,625,531</u>	<u>92,056</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Investment Earnings	535,000	602,804	67,804
Miscellaneous:			
Joint Historical Preservation	400	295	(105)
Donations	53,297	75,446	22,149
County Recovery Fund	300	341	41
Proceeds from sale of capital assets	20,000	10,676	(9,324)
Other	336,506	525,501	188,995
Total	<u>410,503</u>	<u>612,259</u>	<u>201,756</u>
Total revenues	<u>50,823,612</u>	<u>52,236,597</u>	<u>1,412,985</u>
Expenditures:			
General Government:			
Governing Board:			
Salaries and employee benefits	83,412	82,877	535
Other operating expenditures	187,311	187,853	(542)
Total	<u>270,723</u>	<u>270,730</u>	<u>(7)</u>
Administration:			
Salaries and employee benefits	488,502	450,708	37,794
Other operating expenditures	744,678	698,185	46,493
Capital outlay	15,000	14,629	371
Total	<u>1,248,180</u>	<u>1,163,522</u>	<u>84,658</u>
Elections:			
Salaries and employee benefits	251,160	227,932	23,228
Other operating expenditures	132,854	114,945	17,909
Capital outlay	286,075	183,055	103,020
Total	<u>670,089</u>	<u>525,932</u>	<u>144,157</u>
Finance:			
Salaries and employee benefits	452,429	450,553	1,876
Other operating expenditures	352,447	357,050	(4,603)
Total	<u>804,876</u>	<u>807,603</u>	<u>(2,727)</u>
Taxes:			
Salaries and employee benefits	866,440	847,388	19,052
Other operating expenditures	337,499	284,685	52,814
Capital outlay	28,400	28,396	4
Total	<u>1,232,339</u>	<u>1,160,469</u>	<u>71,870</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Legal:			
Contracted services	37,123	61,380	(24,257)
Other operating expenditures	16,100	12,469	3,631
Total	<u>53,223</u>	<u>73,849</u>	<u>(20,626)</u>
Register of Deeds:			
Salaries and employee benefits	311,787	304,421	7,366
Other operating expenditures	448,909	445,232	3,677
Capital outlay	33,505	33,505	-
Total	<u>794,201</u>	<u>783,158</u>	<u>11,043</u>
Public Buildings:			
Salaries and employee benefits	626,759	619,849	6,910
Other operating expenditures	523,671	471,025	52,646
Capital outlay	610,695	585,221	25,474
Total	<u>1,761,125</u>	<u>1,676,095</u>	<u>85,030</u>
Housekeeping:			
Other operating expenditures	738	737	1
Court Facilities:			
Other operating expenditures	52,500	47,574	4,926
Total	<u>52,500</u>	<u>47,574</u>	<u>4,926</u>
Information Technology:			
Salaries and employee benefits	317,344	314,605	2,739
Other operating expenditures	182,883	180,941	1,942
Capital outlay	9,800	9,799	1
Total	<u>510,027</u>	<u>505,345</u>	<u>4,682</u>
Project Management:			
Salaries and employee benefits	87,703	86,993	710
Other operating expenditures	900	294	606
Total	<u>88,603</u>	<u>87,287</u>	<u>1,316</u>
Self Insurance:			
Claims cost	3,041,835	2,686,803	355,032
Employee premiums/cobra payments	(522,438)	(499,877)	(22,561)
Administrative costs	1,028,400	980,451	47,949
County portion of premiums charged	(3,717,000)	(3,717,000)	-
Reserve	249,610	-	249,610
Retiree insurance	(249,610)	(214,423)	(35,187)
Total	<u>(169,203)</u>	<u>(764,046)</u>	<u>594,843</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Employee Wellness Center:			
Other operating expenditures	160,050	157,194	2,856
Total	<u>160,050</u>	<u>157,194</u>	<u>2,856</u>
457 Contributions:			
Other operating expenditures	-	(21,705)	21,705
Total general government	<u>7,477,471</u>	<u>6,473,744</u>	<u>1,003,727</u>
Public Safety:			
Sheriff and Jail:			
Salaries and employee benefits	6,038,109	6,044,069	(5,960)
Other operating expenditures	1,548,886	1,511,589	37,297
Capital outlay	659,957	659,324	633
Total	<u>8,246,952</u>	<u>8,214,982</u>	<u>31,970</u>
Emergency Management:			
Salaries and employee benefits	367,260	376,019	(8,759)
Other operating expenditures	66,652	61,900	4,752
Capital outlay	104,699	94,745	9,954
Total	<u>538,611</u>	<u>532,664</u>	<u>5,947</u>
Fire:			
Contracted services	<u>99,535</u>	<u>84,567</u>	<u>14,968</u>
Rescue Units:			
Contracted services	<u>386,950</u>	<u>386,950</u>	<u>-</u>
Emergency Medical Services:			
Salaries and employee benefits	2,069,104	1,987,309	81,795
Other operating expenditures	334,419	243,819	90,600
Capital outlay	246,766	238,679	8,087
Total	<u>2,650,289</u>	<u>2,469,807</u>	<u>180,482</u>
Medical Examiner:			
Contracted services	<u>29,000</u>	<u>16,200</u>	<u>12,800</u>
Emergency Communications:			
Salaries and employee benefits	960,797	837,560	123,237
Other operating expenditures	299,151	234,258	64,893
Capital outlay	228,227	130,487	97,740
Total	<u>1,488,175</u>	<u>1,202,305</u>	<u>285,870</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Animal Control:			
Salaries and employee benefits	361,791	335,286	26,505
Other operating expenditures	125,485	115,430	10,055
Capital outlay	5,945	5,945	-
Total	<u>493,221</u>	<u>456,661</u>	<u>36,560</u>
Inspections:			
Salaries and employee benefits	491,355	457,437	33,918
Other operating expenditures	49,079	38,156	10,923
Capital outlay	22,259	22,259	-
Total	<u>562,693</u>	<u>517,852</u>	<u>44,841</u>
Total public safety	<u>14,495,426</u>	<u>13,881,988</u>	<u>613,438</u>
Transportation:			
Salaries and employee benefits	346,061	320,743	25,318
Other operating expenditures	170,498	111,259	59,239
Capital outlay	115,220	115,771	(551)
Total transportation	<u>631,779</u>	<u>547,773</u>	<u>84,006</u>
Economic and Physical Development:			
Planning:			
Salaries and employee benefits	216,930	173,238	43,692
Other operating expenditures	65,248	14,391	50,857
Total	<u>282,178</u>	<u>187,629</u>	<u>94,549</u>
Economic Development:			
Operating expenditures	460,110	435,077	25,033
Total	<u>460,110</u>	<u>435,077</u>	<u>25,033</u>
Cooperative Extension:			
Salaries and employee benefits	203,398	203,495	(97)
Other operating expenditures	23,258	22,985	273
Total	<u>226,656</u>	<u>226,480</u>	<u>176</u>
Soil and Water Conservation:			
Salaries and employee benefits	139,570	138,767	803
Other operating expenditures	77,253	55,141	22,112
Total	<u>216,823</u>	<u>193,908</u>	<u>22,915</u>
Total economic and physical development	<u>1,185,767</u>	<u>1,043,094</u>	<u>142,673</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Human Services:			
Health:			
Administration:			
Salaries and employee benefits	2,321,996	2,097,169	224,827
Other operating expenditures	547,063	410,310	136,753
Total	<u>2,869,059</u>	<u>2,507,479</u>	<u>361,580</u>
Mental Health:			
Contracted services:			
Community mental health services	99,261	99,261	-
Social Services:			
Administration:			
Salaries and employee benefits	3,689,851	3,418,516	271,335
Other operating expenditures	358,835	328,430	30,405
Capital outlay	106,499	82,417	24,082
Total	<u>4,155,185</u>	<u>3,829,363</u>	<u>325,822</u>
Public Assistance:			
Special assistance to adults:			
County participation only	185,688	205,471	(19,783)
Medicaid program:			
Medicaid transportation	55,200	72,611	(17,411)
Title III programs:			
Other operating expenditures	3,500	2,975	525
Other assistance:			
Other program expenditures	1,067,207	1,102,636	(35,429)
Total	<u>1,311,595</u>	<u>1,383,693</u>	<u>(72,098)</u>
Child Development:			
Salaries and employee benefits	681,064	667,352	13,712
Other operating expenditures	92,130	93,294	(1,164)
Capital outlay	9,168	7,183	1,985
Total	<u>782,362</u>	<u>767,829</u>	<u>14,533</u>
Total social services	<u>6,249,142</u>	<u>5,980,885</u>	<u>268,257</u>
Veteran's Service Officer:			
Salaries and employee benefits	25,477	22,146	3,331
Other operating expenditures	9,785	8,034	1,751
Total	<u>35,262</u>	<u>30,180</u>	<u>5,082</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Services:			
Juvenile crime prevention	104,212	107,779	(3,567)
Children's Center	98,201	59,045	39,156
HCCBG	283,784	278,548	5,236
Other services	65,000	65,000	-
Total	<u>551,197</u>	<u>510,372</u>	<u>40,825</u>
Total human services	<u>9,803,921</u>	<u>9,128,177</u>	<u>675,744</u>
Cultural and Recreational:			
Parks and Recreation:			
Salaries and employee benefits	524,388	507,957	16,431
Other operating expenditures	311,375	256,529	54,846
Capital outlay	45,519	55,689	(10,170)
Total	<u>881,282</u>	<u>820,175</u>	<u>61,107</u>
Library:			
Salaries and employee benefits	1,028,186	1,014,135	14,051
Other operating expenditures	377,350	341,103	36,247
Total	<u>1,405,536</u>	<u>1,355,238</u>	<u>50,298</u>
Other:			
Brevard College	10,000	-	10,000
Other	35,111	42,011	(6,900)
Total	<u>45,111</u>	<u>42,011</u>	<u>3,100</u>
Total cultural and recreational	<u>2,331,929</u>	<u>2,217,424</u>	<u>114,505</u>
Education:			
Public schools - current	12,429,613	12,429,613	-
Public schools - distribution of lottery proceeds	221,900	-	221,900
Public schools - capital outlay	1,850,000	1,850,000	-
Blue Ridge Community College	506,239	506,239	-
Total education	<u>15,007,752</u>	<u>14,785,852</u>	<u>221,900</u>
Debt Service:			
Principal retirement	421,978	508,889	(86,911)
Interest and fees	89,722	87,264	2,458
Total	<u>511,700</u>	<u>596,153</u>	<u>(84,453)</u>
Total expenditures	<u>51,445,745</u>	<u>48,674,205</u>	<u>2,771,540</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	(622,133)	3,562,392	4,184,525
Other Financing Sources (Uses):			
Transfers in:			
Capital project funds	-	87,164	87,164
Transfers out:			
Capital project funds	(450,000)	(450,000)	-
Special revenue funds	(162,112)	(162,112)	-
Enterprise funds	(504,758)	(504,658)	100
Assigned and committed funds	(1,731,441)	-	1,731,441
Appropriated fund balance	<u>3,470,444</u>	<u>-</u>	<u>(3,470,444)</u>
Total other financing sources (uses)	<u>622,133</u>	<u>(1,029,606)</u>	<u>(1,651,739)</u>
Net change in fund balance	<u>\$ -</u>	2,532,786	<u>\$ 2,532,786</u>
Fund Balance:			
Beginning of year - July 1		<u>26,592,224</u>	
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan receivable		4,700,000	
Current year loan receivable repayments		<u>(47,129)</u>	
End of year - June 30		<u>\$ 33,777,881</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2019

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Permanent Fund	Total
Assets:				
Cash and investments	\$ 976,517	\$ 679,064	\$ 231,087	\$ 1,886,668
Accounts receivable, net	59,132	-	-	59,132
Taxes receivable, net	10,358	-	-	10,358
Cash and investments, restricted	<u>-</u>	<u>-</u>	<u>108,367</u>	<u>108,367</u>
Total assets	<u>\$ 1,046,007</u>	<u>\$ 679,064</u>	<u>\$ 339,454</u>	<u>\$ 2,064,525</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	<u>\$ 64,697</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,697</u>
Deferred Inflows of Resources:				
Property taxes receivable	10,358	-	-	10,358
Prepaid taxes	<u>3,019</u>	<u>-</u>	<u>-</u>	<u>3,019</u>
Total deferred inflows of resources	<u>13,377</u>	<u>-</u>	<u>-</u>	<u>13,377</u>
Fund Balances:				
Stabilization for state statute	59,132	-	-	59,132
Restricted, all other	908,801	-	108,367	1,017,168
Committed	-	656,939	-	656,939
Assigned	<u>-</u>	<u>22,125</u>	<u>231,087</u>	<u>253,212</u>
Total fund balances	<u>967,933</u>	<u>679,064</u>	<u>339,454</u>	<u>1,986,451</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,046,007</u>	<u>\$ 679,064</u>	<u>\$ 339,454</u>	<u>\$ 2,064,525</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2019**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Permanent Fund	Total
Revenues:				
Ad valorem taxes	\$ 3,715,685	\$ -	\$ -	\$ 3,715,685
Restricted intergovernmental revenues	422,978	-	-	422,978
Donations and grants	-	828,217	-	828,217
Interest earned on investments	20,986	7,081	2,862	30,929
Total revenues	<u>4,159,649</u>	<u>835,298</u>	<u>2,862</u>	<u>4,997,809</u>
Expenditures:				
Current:				
Public safety	4,059,212	-	-	4,059,212
Economic and physical development	891	2,861,731	-	2,862,622
Cultural and recreational	-	-	807	807
Capital outlay	-	-	10,000	10,000
Total expenditures	<u>4,060,103</u>	<u>2,861,731</u>	<u>10,807</u>	<u>6,932,641</u>
Revenues over (under) expenditures	<u>99,546</u>	<u>(2,026,433)</u>	<u>(7,945)</u>	<u>(1,934,832)</u>
Other Financing Sources (Uses):				
Transfers in	162,112	450,000	-	612,112
Transfers out	-	(87,164)	-	(87,164)
Total other financing sources (uses)	<u>162,112</u>	<u>362,836</u>	<u>-</u>	<u>524,948</u>
Net change in fund balances	261,658	(1,663,597)	(7,945)	(1,409,884)
Fund Balances:				
Beginning of year - July 1	<u>706,275</u>	<u>2,342,661</u>	<u>347,399</u>	<u>3,396,335</u>
End of year - June 30	<u>\$ 967,933</u>	<u>\$ 679,064</u>	<u>\$ 339,454</u>	<u>\$ 1,986,451</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purpose.

Fire Districts Fund – This fund accounts for the ad valorem tax levies of the eight fire districts in Transylvania County.

Emergency Telephone System Fund – This fund accounts for the 911 revenues collected by the North Carolina 911 Board to fund the 911 emergency system.

HOME Fund – This fund accounts for the HOME – Housing Rehabilitation grant for housing rehabilitation.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Schools Qualified Zone Academy Bond Fund – This fund accounts for funds from the Qualified Zone Academy Bond to be used for specific construction and renovation in the Transylvania County Public Schools. This fund was started during the June 30, 2002 fiscal year.

The Golden Leaf Capital Projects Fund accounts for funds from the Golden Leaf Foundation to be used for the Light Industrial building.

The General Capital Projects Fund – This fund accounts for funds set aside to be utilized in various capital projects of the County.

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TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	<u>Fire Districts Fund</u>	<u>Emergency Telephone System Fund</u>	<u>HOME Fund</u>	<u>Total</u>
Assets:				
Cash and investments	\$ 607,113	\$ 313,765	\$ 55,639	\$ 976,517
Accounts receivable	20,414	35,248	3,470	59,132
Taxes receivable, net	<u>10,358</u>	<u>-</u>	<u>-</u>	<u>10,358</u>
Total assets	<u>\$ 637,885</u>	<u>\$ 349,013</u>	<u>\$ 59,109</u>	<u>\$ 1,046,007</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	<u>\$ 52,600</u>	<u>\$ 12,097</u>	<u>\$ -</u>	<u>\$ 64,697</u>
Deferred Inflows of Resources:				
Property taxes receivable	10,358	-	-	10,358
Prepaid taxes	<u>3,019</u>	<u>-</u>	<u>-</u>	<u>3,019</u>
Total deferred inflows of resources	<u>13,377</u>	<u>-</u>	<u>-</u>	<u>13,377</u>
Fund Balances:				
Restricted:				
Stabilization for state statute	20,414	35,248	3,470	59,132
Restricted, all other	<u>551,494</u>	<u>301,668</u>	<u>55,639</u>	<u>908,801</u>
Total fund balances	<u>571,908</u>	<u>336,916</u>	<u>59,109</u>	<u>967,933</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 637,885</u>	<u>\$ 349,013</u>	<u>\$ 59,109</u>	<u>\$ 1,046,007</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2019

	<u>Fire Districts Fund</u>	<u>Emergency Telephone System Fund</u>	<u>HOME Fund</u>	<u>Total</u>
Revenues:				
Ad valorem taxes	\$ 3,715,685	\$ -	\$ -	\$ 3,715,685
Restricted intergovernmental	-	422,978	-	422,978
Investment earnings	15,874	5,112	-	20,986
Total revenues	<u>3,731,559</u>	<u>428,090</u>	<u>-</u>	<u>4,159,649</u>
Expenditures:				
Public safety	3,680,877	378,335	-	4,059,212
Economic and physical development	-	-	891	891
Total expenditures	<u>3,680,877</u>	<u>378,335</u>	<u>891</u>	<u>4,060,103</u>
Revenues over (under) expenditures	<u>50,682</u>	<u>49,755</u>	<u>(891)</u>	<u>99,546</u>
Other Financing Sources (Uses):				
Transfers in	102,112	-	60,000	162,112
Total other financing sources (uses)	<u>102,112</u>	<u>-</u>	<u>60,000</u>	<u>162,112</u>
Net change in fund balances	152,794	49,755	59,109	261,658
Fund Balances:				
Beginning of year - July 1	<u>419,114</u>	<u>287,161</u>	<u>-</u>	<u>706,275</u>
End of year - June 30	<u>\$ 571,908</u>	<u>\$ 336,916</u>	<u>\$ 59,109</u>	<u>\$ 967,933</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 3,634,249	\$ 3,699,245	\$ 64,996
Prior year	-	4,598	4,598
Penalties and interest	-	11,842	11,842
Investment earnings	-	15,874	15,874
Total revenues	<u>3,634,249</u>	<u>3,731,559</u>	<u>97,310</u>
Expenditures:			
Public safety:			
Sylvan Valley Fire District	342,566	342,566	-
Rosman Fire District	554,125	554,125	-
Little River Fire District	464,030	464,031	(1)
Connestee Falls Fire District	782,258	782,258	-
Cedar Mountain Fire District	222,674	222,674	-
Lake Toxaway Fire District	922,786	922,786	-
Balsam Grove Fire District	100,207	100,207	-
North Transylvania Fire District	292,230	292,230	-
Total expenditures	<u>3,680,876</u>	<u>3,680,877</u>	<u>(1)</u>
Revenues over (under) expenditures	<u>(46,627)</u>	<u>50,682</u>	<u>97,309</u>
Other Financing Sources (Uses):			
Transfer out	(137,434)	-	137,434
Transfer in	124,487	102,112	(22,375)
Appropriated fund balance	59,574	-	(59,574)
Total other financing sources (uses)	<u>46,627</u>	<u>102,112</u>	<u>55,485</u>
Net change in fund balance	<u>\$ -</u>	<u>152,794</u>	<u>\$ 152,794</u>
Fund Balance:			
Beginning of year - July 1		<u>419,114</u>	
End of year - June 30		<u>\$ 571,908</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 422,979	\$ 422,978	\$ (1)
Investment earnings	1,000	5,112	4,112
Total revenues	<u>423,979</u>	<u>428,090</u>	<u>4,111</u>
Expenditures:			
Public safety:			
Phone and furniture	24,000	16,522	7,478
Software and hardware	143,137	83,955	59,182
Hardware	87,932	87,932	-
Training	6,859	5,653	1,206
Implemental functions	104,908	111,689	(6,781)
City distribution	72,584	72,584	-
Total expenditures	<u>439,420</u>	<u>378,335</u>	<u>61,085</u>
Revenues over (under) expenditures	(15,441)	49,755	65,196
Other Financing Sources (Uses):			
Appropriated fund balance	<u>15,441</u>	<u>-</u>	<u>(15,441)</u>
Net change in fund balance	<u>\$ -</u>	<u>49,755</u>	<u>\$ 49,755</u>
Fund Balance:			
Beginning of year - July 1		<u>287,161</u>	
End of year - June 30		<u>\$ 336,916</u>	

**PSAP RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 2019**

Amounts reported on the Emergency Telephone System Fund budget to actual are different from the PSAP Revenue - Expenditure Report because:

Ending fund balance, reported on Budget to Actual	\$ 336,916
Ineligible prior-year expenditures reported in Emergency Telephone System Fund	<u>28,076</u>
Ending balance, PSAP Revenue - Expenditure Report	<u>\$ 364,992</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

HOME FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>		<u>Variance Over/Under</u>
			<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ -	\$ 3,470	\$ -	\$ 3,470	\$ 3,470
Expenditures:					
Economic and physical development:					
Housing rehabilitation	60,000	3,470	891	4,361	55,639
Revenues over (under) expenditures	(60,000)	-	(891)	(891)	59,109
Other Financing Sources (Uses):					
Transfer in	60,000	-	60,000	60,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	59,109	<u>\$ 59,109</u>	<u>\$ 59,109</u>
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ 59,109</u>		

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019**

	<u>Schools QZAB Fund</u>	<u>Golden Leaf Fund</u>	<u>General Capital Projects Fund</u>	<u>Total</u>
Assets:				
Cash and investments	\$ 22,125	\$ 276,054	\$ 380,885	\$ 679,064
Fund Balances:				
Committed	\$ -	\$ 276,054	\$ 380,885	\$ 656,939
Assigned	22,125	-	-	22,125
Total fund balances	<u>\$ 22,125</u>	<u>\$ 276,054</u>	<u>\$ 380,885</u>	<u>\$ 679,064</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Schools QZAB Fund</u>	<u>Golden Leaf Fund</u>	<u>General Capital Projects Fund</u>	<u>Total</u>
Revenues:				
Donations and grants	\$ -	\$ 828,217	\$ -	\$ 828,217
Interest earned on investments	-	-	7,081	7,081
Total revenues	<u>-</u>	<u>828,217</u>	<u>7,081</u>	<u>835,298</u>
Expenditures:				
Current:				
Economic and physical development	-	2,861,731	-	2,861,731
Revenues over (under) expenditures	<u>-</u>	<u>(2,033,514)</u>	<u>7,081</u>	<u>(2,026,433)</u>
Other Financing Sources (Uses):				
Transfers in	-	450,000	-	450,000
Transfers out	-	-	(87,164)	(87,164)
Total other financing sources (uses)	<u>-</u>	<u>450,000</u>	<u>(87,164)</u>	<u>362,836</u>
Net change in fund balances	-	(1,583,514)	(80,083)	(1,663,597)
Fund Balances:				
Beginning of year - July 1	<u>22,125</u>	<u>1,859,568</u>	<u>460,968</u>	<u>2,342,661</u>
End of year - June 30	<u>\$ 22,125</u>	<u>\$ 276,054</u>	<u>\$ 380,885</u>	<u>\$ 679,064</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**SCHOOLS QZAB FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Net change in fund balance	\$ -	\$ -	\$ -
Fund Balance:			
Beginning of year - July 1		<u>22,125</u>	
End of year - June 30		<u>\$ 22,125</u>	

TRANSYLVANIA COUNTY, NORTH CAROLINA

GOLDEN LEAF CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Donations and grants	\$ 1,000,000	\$ 212,000	\$ 828,217	\$ 1,040,217	\$ 40,217
Expenditures:					
Capital outlay		2,453,477	2,861,731	5,315,208	
Land improvements - non-capital		23,000	-	23,000	
Total expenditures	<u>5,574,045</u>	<u>2,476,477</u>	<u>2,861,731</u>	<u>5,338,208</u>	<u>235,837</u>
Revenues over (under) expenditures	(4,574,045)	(2,264,477)	(2,033,514)	(4,297,991)	276,054
Other Financing Sources (Uses):					
Transfers in from General Fund	<u>4,574,045</u>	<u>4,124,045</u>	<u>450,000</u>	<u>4,574,045</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,859,568</u>	(1,583,514)	<u>\$ 276,054</u>	<u>\$ 276,054</u>
Fund Balance:					
Beginning of year - July 1			<u>1,859,568</u>		
End of year - June 30			<u>\$ 276,054</u>		

TRANSYLVANIA COUNTY, NORTH CAROLINA

GENERAL CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Donations and grants	\$ 453,757	\$ 393,811	\$ -	\$ 393,811	\$ (59,946)
Investment earnings	514,581	540,192	7,081	547,273	32,692
Total revenues	<u>968,338</u>	<u>934,003</u>	<u>7,081</u>	<u>941,084</u>	<u>(27,254)</u>
Expenditures:					
Capital outlay		7,387,876	-	7,387,876	
Land improvements-non capital		3,282	-	3,282	
Expensed architectural fees/other miscellaneous		130,287	-	130,287	
Total expenditures	<u>7,996,748</u>	<u>7,521,445</u>	<u>-</u>	<u>7,521,445</u>	<u>475,303</u>
Revenues over (under) expenditures	<u>(7,028,410)</u>	<u>(6,587,442)</u>	<u>7,081</u>	<u>(6,580,361)</u>	<u>448,049</u>
Other Financing Sources (Uses):					
Transfers in from General Fund	4,535,408	4,535,408	-	4,535,408	-
Transfers to General Fund	(514,429)	(494,429)	(87,164)	(581,593)	(67,164)
Long-term debt issued	1,807,457	1,807,457	-	1,807,457	-
Total other financing sources (uses)	<u>5,828,436</u>	<u>5,848,436</u>	<u>(87,164)</u>	<u>5,761,272</u>	<u>(67,164)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,199,974)</u>	<u>(739,006)</u>	<u>(80,083)</u>	<u>(819,089)</u>	<u>380,885</u>
Appropriated fund balance	<u>1,199,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,199,974)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (739,006)</u>	<u>(80,083)</u>	<u>\$ (819,089)</u>	<u>\$ (819,089)</u>
Fund Balance:					
Beginning of year - July 1			<u>460,968</u>		
End of year - June 30			<u>\$ 380,885</u>		

PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earning, not principal, may be used for purposes that support the reporting government's programs.

Silvermont Reserve Fund – This fund accounts for the investment earning on the restricted principal of a bequest to the County for maintenance of a County recreation building.

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TRANSYLVANIA COUNTY, NORTH CAROLINA

**PERMANENT FUND - SILVERMONT RESERVE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 2,862	\$ 2,862
Expenditures:			
Silvermont operating expenditure	-	807	(807)
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total expenditures	<u>10,000</u>	<u>10,807</u>	<u>(807)</u>
Revenues over (under) expenditures	(10,000)	(7,945)	2,055
Other Financing Sources (Uses):			
Appropriated fund balance	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(7,945)</u>	<u>\$ (7,945)</u>
Fund Balance:			
Beginning of year - July 1		<u>347,399</u>	
End of year - June 30		<u>\$ 339,454</u>	

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ENTERPRISE FUND

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Solid Waste Fund – This fund accounts for the operations of the County’s solid waste collection and disposal operations. This fund is financed primarily through solid waste fees and is supplemented by operating transfers from the General Fund.

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TRANSYLVANIA COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services			
Solid waste charges	\$ 1,973,910	\$ 1,827,115	\$ (146,795)
Recycling	176,700	127,546	(49,154)
Other operating revenues	<u>2,750</u>	<u>4,612</u>	<u>1,862</u>
Total operating revenues	<u>2,153,360</u>	<u>1,959,273</u>	<u>(194,087)</u>
Non-operating revenues:			
Investment earnings	-	171,990	171,990
Miscellaneous revenue	<u>22,000</u>	<u>27,616</u>	<u>5,616</u>
Total non-operating revenues	<u>22,000</u>	<u>199,606</u>	<u>177,606</u>
Total revenues	<u>2,175,360</u>	<u>2,158,879</u>	<u>(16,481)</u>
Expenditures:			
Landfill administration and operations:			
Salaries and employee benefits	1,030,356	1,022,843	7,513
Other operating expenditures	975,647	934,547	41,100
Interest and fees paid	-	3,439	(3,439)
Capital outlay	<u>350,507</u>	<u>327,472</u>	<u>23,035</u>
Total expenditures	<u>2,356,510</u>	<u>2,288,301</u>	<u>68,209</u>
Revenues over (under) expenditures	<u>(181,150)</u>	<u>(129,422)</u>	<u>51,728</u>
Other Financing Sources (Uses):			
Transfer in	504,658	504,658	-
Transfer out	(359,884)	-	(359,884)
Appropriated fund balance	<u>36,376</u>	<u>-</u>	<u>36,376</u>
Total other financing sources (uses)	<u>181,150</u>	<u>504,658</u>	<u>323,508</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 375,236</u>	<u>\$ 375,236</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 375,236	
Reconciling items:			
Capital outlay		327,472	
Items charged to capital outlay, not capitalized		(191,624)	
Change in net pension liability LGERS		(79,170)	
Change in deferred outflows of resources - pension LGERS		66,270	
Change in deferred inflows of resources - pension LGERS		(175)	
Change in OPEB liability		5,853	
Change in deferred outflows of resources - OPEB		(8,265)	
Change in deferred inflows of resources - OPEB		422	
Change in compensated absences payable		(4,348)	
Change in closure and post-closure care costs		(133,425)	
Transfer of capital assets from General Fund		2,243	
Gain (Loss) on asset disposal		(12,760)	
Depreciation		<u>(346,667)</u>	
Change in net position		<u>\$ 1,062</u>	

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AGENCY FUNDS

Agency funds are used to account for assets held by the County as agent for individuals, private organizations, other governments, and/or other funds.

Social Services Fund – This fund accounts for moneys held by the Social Services Department for the benefit of certain individuals in the County.

Miscellaneous Agency Funds – This fund accounts for various legal fines and forfeitures that the County is required to remit to the Transylvania County Board of Education, the 3 percent interest collected on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles, the \$6.20 of each fee collected by the Register of Deeds for registering or filing a deed of trust mortgage that the County is required to remit to the State Treasurer on a monthly basis, and the donations received by the Sheriff's Office for the COPS 4 Kids program, a program co-sponsored with the City of Brevard Police Department, and the DARE and SHIELD Camps, which are conducted by Sheriff Office employees.

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TRANSYLVANIA COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Social Services:				
Assets:				
Cash and cash equivalents	\$ 50,743	\$ 151,471	\$ 154,945	\$ 47,269
Liabilities:				
Miscellaneous liabilities	\$ 50,743	\$ 151,471	\$ 154,945	\$ 47,269
Miscellaneous:				
Assets:				
Cash and investments	\$ -	\$ 152,856	\$ 152,856	\$ -
Accounts receivable and accrued revenues	7,012	5,126	7,012	5,126
Total assets	<u>\$ 7,012</u>	<u>\$ 157,982</u>	<u>\$ 159,868</u>	<u>\$ 5,126</u>
Liabilities:				
Intergovernmental payables - Transylvania County Board of Education	<u>\$ 7,012</u>	<u>\$ 157,982</u>	<u>\$ 159,868</u>	<u>\$ 5,126</u>
Dare Camp:				
Assets:				
Cash and investments	<u>\$ 3,213</u>	<u>\$ 1,993</u>	<u>\$ 2,767</u>	<u>\$ 2,439</u>
Liabilities:				
Miscellaneous liabilities	<u>\$ 3,213</u>	<u>\$ 1,993</u>	<u>\$ 2,767</u>	<u>\$ 2,439</u>
Cops 4 Kids:				
Assets:				
Cash and investments	<u>\$ 20,945</u>	<u>\$ 29,407</u>	<u>\$ 23,175</u>	<u>\$ 27,177</u>
Liabilities:				
Miscellaneous liabilities	<u>\$ 20,945</u>	<u>\$ 29,407</u>	<u>\$ 23,175</u>	<u>\$ 27,177</u>
Register of Deeds:				
Assets:				
Accounts receivable and accrued revenues	<u>\$ 180</u>	<u>\$ 33,194</u>	<u>\$ 33,194</u>	<u>\$ 180</u>
Liabilities:				
Intergovernmental payables - State of North Carolina	\$ (2,380)	\$ 2,394	\$ 2,902	\$ (2,888)
	2,560	30,293	29,785	3,068
Total liabilities	<u>\$ 180</u>	<u>\$ 32,687</u>	<u>\$ 32,687</u>	<u>\$ 180</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 74,901	\$ 335,727	\$ 333,743	\$ 76,885
Accounts receivable and accrued revenues	7,192	38,320	40,206	5,306
Total assets	<u>\$ 82,093</u>	<u>\$ 374,047</u>	<u>\$ 373,949</u>	<u>\$ 82,191</u>
Liabilities:				
Intergovernmental payables	\$ 12,193	\$ 190,669	\$ 192,555	\$ 10,307
Miscellaneous liabilities	69,900	182,871	180,887	71,884
Total liabilities	<u>\$ 82,093</u>	<u>\$ 373,540</u>	<u>\$ 373,442</u>	<u>\$ 82,191</u>

OTHER SCHEDULES

This section contains additional information on property taxes and transfers.

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

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TRANSYLVANIA COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2019**

<u>Year Ended June 30</u>	<u>Uncollected Balance July 1, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2019	\$ -	\$ 29,973,389	\$ 29,919,498	\$ 53,891
2018	39,297	-	20,052	19,245
2017	18,783	-	5,229	13,554
2016	13,956	-	3,215	10,741
2015	10,042	-	3,195	6,847
2014	10,873	-	1,453	9,420
2013	10,532	-	1,717	8,815
2012	7,762	-	829	6,933
2011	9,800	-	384	9,416
2010	4,903	-	12	4,891
2009	6,758	-	6,758	-
Total	<u>\$ 132,706</u>	<u>\$ 29,973,389</u>	<u>\$ 29,962,342</u>	<u>143,753</u>

Less allowance for uncollectible ad valorem taxes receivable:

General Fund 67,817

Ad Valorem Taxes Receivable, Net:

General Fund \$ 75,936

Reconciliation of Collections and Credits with Revenues:

Ad valorem taxes - General Fund	\$ 30,028,822
Reconciling items:	
Interest	(78,692)
Tax refunds	6,934
Abatements - prior years	219
Advertising	(1,470)
Taxes written off	<u>6,529</u>
Total collections and credits	<u>\$ 29,962,342</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2019

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
County-wide:					
Property tax	\$ 5,652,901,297	\$ 0.5110	\$ 29,506,143	\$ 28,125,207	\$ 1,380,936
Motor vehicles taxed at prior year's rate	69,174,364	0.5110	353,481	-	353,481
Late list penalties	-		8,719	8,719	-
Total original levy	<u>5,722,075,661</u>		<u>29,868,343</u>	<u>28,133,926</u>	<u>1,734,417</u>
Discoveries:					
Current year taxes	15,915,319	0.5110	81,327	81,327	-
Prior year taxes	<u>45,834,323</u>		<u>234,213</u>	<u>234,213</u>	<u>-</u>
Total discoveries	<u>61,749,642</u>		<u>315,540</u>	<u>315,540</u>	<u>-</u>
Abatements and Discounts	<u>(42,492,439)</u>		<u>(210,494)</u>	<u>(210,494)</u>	<u>-</u>
Total property valuation	<u>\$ 5,741,332,864</u>				
Net Levy			29,973,389	28,238,972	1,734,417
Uncollected taxes at June 30, 2019			<u>53,891</u>	<u>53,891</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 29,919,498</u>	<u>\$ 28,185,081</u>	<u>\$ 1,734,417</u>
Current Levy Collection Percentage			<u>99.82%</u>	<u>99.81%</u>	<u>100.00%</u>

STATISTICAL SECTION

The Statistical Section includes data extracted from prior years' financial reports and various other sources.

The information presented in this section does not provide full and adequate disclosure of financial information for prior years required by generally accepted accounting principles. Such information is provided for supplementary analysis purposes and should be relied on only for the purpose specified.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being has changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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TRANSYLVANIA COUNTY, NORTH CAROLINA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets	\$ 38,280,736	\$ 37,965,115	\$ 37,350,168	\$ 37,837,719	\$ 37,861,994	\$ 38,390,675	\$ 38,026,155	\$ 38,746,154	\$ 38,830,835	\$ 38,987,944
Restricted	1,491,646	4,337,434	4,211,048	4,318,916	4,304,835	4,549,498	5,629,711	5,249,302	5,588,888	5,758,161
Unrestricted	8,759,642	7,097,748	7,979,935	9,887,115	12,931,706	13,915,036	16,237,241	18,156,797	17,160,525	22,357,615
Total Governmental Activities Net Position	\$ 48,532,024	\$ 49,400,297	\$ 49,541,151	\$ 52,043,750	\$ 55,098,535	\$ 56,855,209	\$ 59,893,107	\$ 62,152,253	\$ 61,580,248	\$ 67,103,720
Business-Type Activities										
Net Investment in Capital Assets	\$ 4,366,733	\$ 4,085,921	\$ 3,859,314	\$ 3,603,550	\$ 3,498,127	\$ 3,851,511	\$ 3,625,348	\$ 3,601,564	\$ 3,402,883	\$ 3,181,547
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,016,654	1,808,089	2,166,778	2,466,038	818,626	1,399,206	1,647,102	1,763,972	1,978,038	2,200,436
Total Business-Type Activities Net Position	\$ 5,383,387	\$ 5,894,010	\$ 6,026,092	\$ 6,069,588	\$ 4,316,753	\$ 5,250,717	\$ 5,272,450	\$ 5,365,536	\$ 5,380,921	\$ 5,381,983
Primary Government										
Net Investment in Capital Assets	\$ 42,647,469	\$ 42,051,036	\$ 41,209,482	\$ 41,441,269	\$ 41,360,121	\$ 42,242,186	\$ 41,651,503	\$ 42,347,718	\$ 42,233,718	\$ 42,169,491
Restricted	1,491,646	4,337,434	4,211,048	4,318,916	4,304,835	4,549,498	5,629,711	5,249,302	5,588,888	5,758,161
Unrestricted	9,776,296	8,905,837	10,146,713	12,353,153	13,750,332	15,314,242	17,884,343	19,920,769	19,138,563	24,558,051
Total Primary Government Net Position	\$ 53,915,411	\$ 55,294,307	\$ 55,567,243	\$ 58,113,338	\$ 59,415,288	\$ 62,105,926	\$ 65,165,557	\$ 67,517,789	\$ 66,961,169	\$ 72,485,703

TRANSYLVANIA COUNTY, NORTH CAROLINA
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)

TABLE 2

UNAUDITED	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities:										
General Government	4,617,015	5,155,747	5,083,686	4,427,635	4,670,679	5,195,765	5,617,567	5,591,288	5,337,831	6,539,571
Public Safety	11,777,713	12,386,788	12,979,401	13,441,859	14,233,023	14,908,286	15,700,514	16,364,189	16,549,027	18,080,312
Transportation	509,565	396,460	450,591	448,838	481,390	426,860	436,509	472,854	438,101	473,479
Economic and Physical Development	1,663,553	1,096,501	959,314	974,391	772,724	1,330,900	1,178,119	1,250,752	3,689,164	3,909,273
Human Services	8,094,451	8,069,619	8,169,147	8,316,088	8,598,738	8,795,596	9,037,670	9,591,901	8,750,207	9,275,906
Cultural and Recreational	1,560,709	1,904,003	1,847,675	1,965,938	2,072,839	2,113,365	2,435,648	2,529,905	2,451,013	2,429,616
Education	10,400,587	10,822,954	12,201,671	10,971,497	12,714,735	13,046,493	12,649,134	13,797,948	14,630,014	14,811,808
Interest on Long-Term Obligations	668,751	609,131	551,526	456,240	358,285	276,292	222,024	153,568	111,948	84,009
Total Governmental Activities Expenses	39,292,344	40,441,203	42,243,011	41,002,486	43,902,413	46,093,557	47,277,185	49,752,405	51,957,305	55,603,974
Business-Type Activities:										
Solid Waste Department	1,418,346	1,624,898	1,708,329	1,673,967	3,755,492	1,452,623	2,085,608	2,371,592	2,480,832	2,648,519
Total Governmental Activities Expenses	1,418,346	1,624,898	1,708,329	1,673,967	3,755,492	1,452,623	2,085,608	2,371,592	2,480,832	2,648,519
Total Primary Government Expenses	40,710,690	42,066,101	43,951,340	42,676,453	47,657,905	47,546,180	49,362,793	52,123,997	54,438,137	58,252,493
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	269,938	767,315	334,456	275,477	335,719	243,347	377,649	383,751	460,006	461,517
Public Safety	2,099,928	2,461,457	2,174,330	2,528,476	2,713,820	3,117,738	3,321,413	3,438,424	3,123,749	3,613,503
Transportation	-	-	-	7,202	4,739	4,592	4,458	7,584	7,186	4,610
Economic and Physical Development	6,712	31,791	22,638	21,240	12,926	10,442	11,843	14,636	63,448	59,850
Human Services	526,525	527,094	455,869	422,732	475,871	413,551	452,565	470,649	524,480	562,131
Cultural and Recreational	95,713	94,967	103,822	121,961	130,999	75,250	91,236	95,276	110,850	106,772
Education	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions:										
General Government	56,527	40,283	52,247	98,555	36,599	35,954	37,754	34,713	29,734	45,851
Public Safety	416,927	438,525	414,376	422,546	745,266	602,807	526,811	511,487	508,296	1,394,008
Transportation	234,881	278,738	272,129	269,173	274,445	259,300	222,422	400,036	322,609	371,524
Economic and Physical Development	169,696	65,711	70,882	65,063	57,374	70,006	50,128	101,782	49,852	155,233
Human Services	5,293,382	4,973,824	5,331,406	5,480,830	5,331,666	5,874,581	5,910,356	6,049,701	4,979,877	5,272,651
Cultural and Recreational	438,486	171,688	91,846	95,126	97,787	166,849	120,076	156,178	117,451	112,549
Education	137,842	161,664	363,784	544,124	811,018	667,751	205,430	288,609	739,363	142,339
Capital Grants and Contributions:										
General Government	-	-	-	-	-	-	-	-	-	-
Economic and Physical Development	475,799	42,249	80,163	7,686	105,588	289,415	-	-	-	-
Cultural and Recreational	-	-	-	89,780	-	-	181,350	-	212,000	-
Education	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	10,222,356	10,055,306	9,767,948	10,449,971	11,133,817	11,831,583	11,513,491	11,952,826	11,248,901	12,302,538

TRANSYLVANIA COUNTY, NORTH CAROLINA
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)

UNAUDITED

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-Type Activities:										
Charge for Services - Landfill	1,334,337	1,224,466	1,368,697	1,260,906	1,303,374	1,440,395	1,706,101	1,790,349	1,790,349	1,959,273
Operating Grants and Contributions - Landfill	19,469	19,389	21,043	19,967	19,863	57,327	19,982	46,596	46,596	11,417
Capital Grants and Contributions - Landfill										
Total Business-Type Activities Program Revenues	1,353,806	1,243,855	1,389,740	1,280,873	1,323,237	1,497,722	1,726,083	1,836,945	1,836,945	1,970,690
Total Primary Government Program Revenues	11,576,162	11,299,161	11,157,688	11,730,844	12,457,054	13,329,305	13,239,574	13,789,771	13,085,846	14,273,228
Net (Expense)/Revenue	(29,069,988)	(30,385,897)	(32,475,063)	(30,552,515)	(32,768,596)	(34,261,974)	(35,763,694)	(37,799,579)	(40,708,404)	(43,301,436)
Governmental Activities	(64,540)	(381,043)	(318,589)	(393,094)	(2,432,255)	45,099	(359,525)	(534,647)	(643,887)	(677,829)
Total Primary Government Net (Expense)/Revenue	(29,134,528)	(30,766,940)	(32,793,652)	(30,945,609)	(35,200,851)	(34,216,875)	(36,123,219)	(38,334,226)	(41,352,291)	(43,979,265)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	25,974,123	25,709,393	25,964,830	26,009,209	29,529,739	30,292,321	30,710,092	32,363,790	33,311,358	33,780,721
Local Option Sales Tax	5,239,883	5,540,551	5,820,469	6,122,549	6,560,048	7,011,688	7,380,626	7,896,435	8,409,583	9,274,860
Other Taxes and Licenses	811,378	774,223	848,735	994,340	484,691	610,459	637,714	719,510	782,387	1,811,145
Grants and Contributions Not Restricted	506,354	365,566	382,922	359,204	386,657	437,463	383,029	398,562	390,616	396,150
Investment Earnings	138,015	75,710	47,970	55,827	12,720	11,812	65,131	132,715	403,904	633,733
Miscellaneous	99,025	30,570				129,530				
Transfers	(908,570)	(888,077)	(449,009)	(435,237)	(679,117)	(972,139)	(375,000)	(626,117)	(626,117)	(506,901)
Total Governmental Activities:	31,860,208	31,607,936	32,615,917	33,105,892	36,294,738	37,521,134	38,801,592	40,884,895	42,671,731	45,389,708
Business-Type Activities:										
Investment Earnings	5,471	3,589	1,662	1,353	303	530	6,258	1,616	17	171,990
Miscellaneous	2,287									
Transfers	908,570	888,077	449,009	435,237	679,117	972,139	375,000	626,117	624,722	506,901
Total Business-Type Activities	916,328	891,666	450,671	436,590	679,420	972,669	381,258	627,733	624,739	678,891
Total Primary Government	32,776,536	32,499,602	33,066,588	33,542,482	36,974,158	38,493,803	39,182,850	41,512,628	43,296,470	46,068,599
Change in Net Position	2,790,220	1,222,039	140,854	2,553,377	3,526,142	3,259,160	3,037,898	3,065,316	1,964,722	5,523,472
Governmental Activities	851,788	510,623	132,082	43,496	(1,752,835)	1,017,768	21,733	93,086	154,911	1,062
Business-Type Activities	3,642,008	1,732,662	272,936	2,596,873	1,773,307	4,276,928	3,059,631	3,178,402	2,119,633	5,524,534

TRANSYLVANIA COUNTY, NORTH CAROLINA
 GOVERNMENTAL ACTIVITIES, TAX REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)

UNAUDITED

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Property Tax	\$ 25,974,123	\$ 25,709,393	\$ 25,964,830	\$ 26,009,209	\$ 29,529,739	\$ 30,292,321	\$ 30,710,092	\$ 32,363,790	\$ 33,311,358	\$ 33,780,721
Local Option Sales Tax	5,239,883	5,540,551	5,820,469	6,122,549	6,560,048	7,011,688	7,380,626	7,896,435	8,409,583	9,274,860
Other Taxes and Licenses	811,378	774,223	848,735	994,340	484,691	610,459	637,714	719,510	719,510	886,876
Total	\$ 32,025,384	\$ 32,024,167	\$ 32,634,034	\$ 33,126,098	\$ 36,574,478	\$ 37,914,468	\$ 38,728,432	\$ 40,979,735	\$ 42,440,451	\$ 43,942,457

TRANSYLVANIA COUNTY, NORTH CAROLINA
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)

UNAUDITED

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 3,851,813	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Designated	5,223,495	-	-	-	-	-	-	-	-	-
Unreserved and Undesignated	10,261,746	-	-	-	-	-	-	-	-	-
Non Spendable	-	13,007	16,215	40,893	40,733	41,292	49,334	58,479	37,238	4,890,501
Restricted	-	3,414,041	3,309,254	3,287,582	3,494,721	3,830,798	3,740,541	4,197,315	4,589,513	4,599,378
Committed	-	1,463,248	1,637,499	2,012,140	2,264,227	2,577,398	2,997,152	3,458,830	4,601,399	4,847,861
Assigned	-	3,547,977	4,513,591	4,320,436	5,227,709	4,934,391	5,530,465	8,869,332	11,948,237	15,239,620
Unassigned	-	11,889,227	11,562,233	12,302,809	12,519,329	12,777,784	12,458,799	10,856,324	5,415,837	4,200,521
Total General Fund	\$ 19,337,054	\$ 20,327,500	\$ 21,038,792	\$ 21,963,860	\$ 23,546,719	\$ 24,161,663	\$ 24,776,291	\$ 27,440,280	\$ 26,592,224	\$ 33,777,881
All other governmental funds										
Reserved	\$ 2,915,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Designated for Subsequent Years	90,700	-	-	-	-	-	-	-	-	-
Unreserved and Undesignated	-	-	-	-	-	-	-	-	-	-
Special revenue funds	852,935	-	-	-	-	-	-	-	-	-
Capital projects funds	2,014,826	-	-	-	-	-	-	-	-	-
Permanent fund	279,602	-	-	-	-	-	-	-	-	-
Restricted	-	2,094,397	928,351	1,031,334	835,593	740,825	1,911,295	973,361	927,401	1,076,300
Committed:	-	2,494,240	2,005,876	1,121,482	1,066,628	339,702	-	-	2,233,372	656,939
Assigned:	-	291,042	289,852	267,993	160,344	235,388	226,283	436,946	239,032	253,212
Unassigned:	-	(3,170)	(10,173)	-	(100,663)	-	(14,531)	-	(3,470)	-
Total All Other Governmental Funds	\$ 6,153,561	\$ 4,876,509	\$ 3,213,906	\$ 2,420,809	\$ 1,961,902	\$ 1,315,915	\$ 2,123,047	\$ 1,410,307	\$ 3,396,335	\$ 1,986,451

Note: The change in the classifications of fund balance amounts in 2011 is related to the implementation of GASB Statement No. 54. Prior years were not recalculated in accordance with this standard.

TRANSYLVANIA COUNTY, NORTH CAROLINA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes:										
Property	25,943,353	25,788,102	25,942,280	26,058,814	29,550,609	30,306,310	30,716,913	32,357,674	33,305,513	33,744,507
Sales	5,239,883	5,540,551	5,820,469	6,122,549	6,560,048	7,011,688	7,380,626	7,896,435	8,409,583	9,274,860
Other	811,378	774,223	848,735	994,340	484,691	610,459	637,714	719,510	782,387	886,876
Intergovernmental	7,602,085	6,536,112	7,024,402	7,375,926	7,530,798	8,192,073	7,551,642	7,877,236	7,034,353	6,982,355
Permits and Fees	372,047	340,518	327,956	386,593	386,854	431,325	491,974	649,025	549,317	646,068
Sales and Services	2,613,934	3,463,380	2,663,364	2,934,017	3,131,303	3,362,263	3,576,239	3,607,609	3,413,806	8,278,402
Donations and Grants	50	23,320	23,676	20,882	315,652	134,878	45,584	36,582	315,445	903,663
Investment Earnings	172,950	72,598	44,858	52,715	9,608	8,700	62,019	129,603	402,098	633,733
Miscellaneous	220,499	69,559	111,472	91,757	155,867	278,037	231,081	180,936	326,596	536,813
Total Revenues	42,976,179	42,608,363	42,807,212	44,037,593	48,125,430	50,335,733	50,693,792	53,454,610	54,539,098	61,887,277
Expenditures										
General Government	4,464,852	4,869,425	4,807,780	4,391,102	4,473,554	5,182,733	5,745,339	6,183,268	5,225,762	6,483,744
Public Safety	11,917,256	11,910,027	12,132,089	12,817,385	13,423,846	14,583,400	15,192,363	15,922,422	16,412,183	17,941,200
Economic Development	1,660,458	1,094,476	958,080	973,545	771,572	1,342,574	1,178,868	1,246,243	3,690,316	3,905,716
Human Services	8,653,766	8,284,399	8,435,813	8,639,033	8,870,369	9,315,804	9,382,935	9,936,867	9,283,017	9,675,950
Culture and Recreation	1,839,077	1,846,950	1,741,432	1,800,266	1,840,635	2,257,226	2,291,634	2,429,755	2,488,951	2,218,231
Education	10,400,587	10,822,954	12,201,671	10,971,497	12,714,735	13,046,493	13,191,706	13,771,992	14,604,058	14,785,852
Capital Outlay	2,553,303	270,781	238,416	1,184,769	1,122,909	1,012,106	1,263,390	-	-	-
Debt Service:										
Principal	2,144,348	2,287,496	2,270,976	2,240,026	2,240,026	2,346,832	2,225,219	1,216,987	947,936	508,889
Interest	702,038	638,937	565,657	498,010	393,358	307,469	250,913	169,710	124,181	87,264
Bond Issuance Cost	-	-	-	-	-	-	-	-	-	-
Total Expenditures	44,335,685	42,025,445	43,351,914	43,515,633	45,851,004	49,394,637	50,722,367	50,877,244	52,776,404	55,606,846
Excess of Revenues Over (Under) Expenditures	(1,359,506)	582,918	(544,702)	521,960	2,274,426	941,096	(28,575)	2,577,366	1,762,694	6,280,431
Other Financing Sources (Uses)										
Capital Lease Obligations Issued	-	-	42,400	45,248	-	-	-	17,878	-	-
Transfers In	340,422	811,804	160,828	341,814	703,233	353,894	120,810	2,086	4,126,397	699,276
Transfers Out	(1,248,992)	(1,699,881)	(609,837)	(777,051)	(1,382,350)	(1,326,033)	(495,810)	(628,203)	(4,751,119)	(1,203,994)
Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Proceeds from Financing	1,297,778	-	-	-	-	-	1,807,457	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	-	-	-
Proceeds from Sale of Assets	19,120	18,553	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	408,328	(869,524)	(406,609)	(389,989)	(679,117)	(972,139)	1,450,335	(626,117)	(624,722)	(504,658)
Net Change in Fund Balances	(951,178)	(286,606)	(951,311)	131,971	1,595,309	(31,043)	1,421,760	1,951,249	1,137,972	5,775,773
Capital Asset Expenditures	4,146,581	906,651	862,657	1,959,372	1,499,926	2,071,081	3,745,876	2,196,973	1,667,611	2,045,773
Debt Service as a Percentage of Noncapital Expenditures	7.1%	7.1%	6.7%	6.6%	5.9%	5.6%	5.3%	2.8%	2.1%	1.1%

TRANSYLVANIA COUNTY, NORTH CAROLINA
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Assessed Real Property			Present-Use Value Property	Business & Personal Property	Motor Vehicles	Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Sales Assessment Ratio
	Residential Property	Commercial Property	Industrial Property								
2010	\$ 4,764,318,694	\$ 629,514,046	\$ 23,918,710	\$ 28,502,210	\$ 146,576,514	\$ 263,874,984	\$ 108,960,742	\$ 5,965,665,900	0.3949	\$ 5,999,865,131	99%
2011	4,785,474,713	634,041,204	22,610,710	30,117,670	142,339,963	242,266,720	107,930,454	5,964,781,434	0.3949	6,039,061,895	99%
2012	4,836,410,339	644,224,921	19,543,080	35,363,310	131,701,081	242,374,009	111,182,488	6,020,799,228	0.3949	6,023,811,134	100%
2013	4,812,488,501	646,077,963	19,543,080	36,920,380	121,121,343	252,868,748	113,441,884	6,002,461,899	0.3949	5,846,363,981	103%
2014	4,850,300,603	651,579,476	19,543,080	38,076,950	122,470,128	220,099,982	116,053,034	6,018,123,253	0.4369	5,803,397,544	104%
2015	4,872,870,761	654,896,272	19,543,080	34,227,630	123,069,054	271,843,835	122,471,320	6,098,921,952	0.4499	5,802,970,459	105%
2016	4,902,001,241	655,795,543	22,718,280	34,309,780	113,984,029	275,754,915	119,489,707	6,124,053,495	0.4499	6,130,797,372	100%
2017	4,520,762,730	615,324,830	11,262,850	35,949,970	110,981,742	291,637,199	125,228,705	5,711,148,026	0.5110	5,883,535,620	97%
2018	4,587,853,789	622,994,390	12,799,140	34,733,510	120,722,469	312,685,009	125,429,145	5,817,217,452	0.5110	6,137,600,181	95%
2019	4,566,681,255	618,619,646	14,042,640	33,288,040	125,778,314	314,061,107	122,520,319	5,794,991,321	0.5110	6,114,149,948	95%

Source: Annual County Report of Valuation and Property Tax Levies
 Transylvania County Tax Department

Note: Real property was revalued on January 1, 2009 and January 1, 2016.
 The rates are per \$100 of assessed value.

**TRANSYLVANIA COUNTY, NORTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

UNAUDITED

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Transylvania County										
Direct Rate*	\$ 0.3949	\$ 0.3949	\$ 0.3949	\$ 0.4369	\$ 0.4499	\$ 0.4499	\$ 0.5110	\$ 0.5110	\$ 0.5110	\$ 0.5110
<u>Municipality Rates:</u>										
City of Brevard	0.4325	0.4325	0.4325	0.4525	0.4525	0.4725	0.4725	0.4725	0.5100	0.5100
Town of Rosman	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4400	0.4800	0.4800	0.4400
<u>Fire Districts:</u>										
Brevard	0.0269	0.0269	0.0316	0.0338	0.0339	0.0443	0.0393	0.0393	0.0550	0.0550
Rosman	0.0626	0.0649	0.0685	0.0756	0.0901	0.0980	0.1091	0.1091	0.1159	0.1209
Little River	0.0577	0.0577	0.0577	0.0675	0.0715	0.0849	0.0877	0.0877	0.0911	0.0906
Conestee Falls	0.0494	0.0512	0.0512	0.0551	0.0610	0.0656	0.0673	0.0673	0.0767	0.0833
Cedar Mountain	0.0756	0.0756	0.0756	0.0957	0.1098	0.1115	0.1331	0.1331	0.1378	0.1376
Lake Toxaway	0.0287	0.0287	0.0302	0.0328	0.0350	0.0359	0.0459	0.0459	0.0479	0.0544
Balsam Grove	0.0968	0.0968	0.0968	0.1248	0.1056	0.1056	0.1089	0.1098	0.1098	0.1118
North Transylvania	0.0911	0.0911	0.0911	0.1116	0.1279	0.1279	0.1279	0.1279	0.1279	0.1400

Source: Transylvania County Tax Department

Note: Real property was revalued on January 1, 2009 and January 1, 2016.

* The County-wide direct property tax rate is shown above; there are no component rates.

TRANSYLVANIA COUNTY, NORTH CAROLINA
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO

TABLE 8

UNAUDITED

	Fiscal Year 2019			Fiscal Year 2010			
	Type of Business	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Corp	Electric utility	133,623,587	1	2.33%	\$ 46,360,371	1	0.78%
MH Transylvania Regional	Hospital / Medical	38,996,460	2	0.68%			0.00%
Haywood Electric Member Corp	Electric utility	46,404,390	3	0.81%	17,509,618	8	0.29%
Citizens/Comporium Telephone	Communications utility	35,013,118	4	0.61%	35,984,472	2	0.61%
Brevard Retirement Investors	Retirement home facilities	21,487,330	5	0.38%	19,256,370	5	0.32%
Gaia Herbs Inc	Manufacturing	19,671,149	6	0.00%			
Lake Toxaway Company	Real estate development	15,685,020	7	0.27%	14,824,860	10	0.25%
Ingles Markets, Inc.	Retail grocery store	167,598,333	8	2.93%	19,980,907	4	0.34%
Duke Ventures, LLC	Real estate development	11,873,790	9	0.21%			0.00%
Haraka Haraka, LLC	Real estate development	8,905,320	10	0.16%			
Davidson River Village	Real estate development			0.00%	15,184,980	9	0.26%
Excelsior Packaging Group/New Excelsior	Flexible packaging manufacturing			0.00%	23,440,303	3	0.39%
Sapphire Lake Inc	Real estate development			0.00%	17,519,480	7	0.29%
159 Babcock Company, LLC	Real estate development			0.00%	17,870,570	6	0.30%
Totals		\$ 479,587,348		8.38%	\$ 227,931,931		3.83%

Source: Transylvania County Tax Department

**TRANSYLVANIA COUNTY, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

TABLE 9

UNAUDITED

Fiscal Year Ended June 30	Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	23,646,198	23,572,169	99.69%	68,269	23,640,438	99.98%
2011	23,615,556	23,496,491	99.50%	107,760	23,604,251	99.95%
2012	23,668,341	23,580,022	99.63%	79,203	23,659,225	99.96%
2013	23,704,178	23,627,172	99.68%	63,919	23,691,091	99.94%
2014	26,847,544	26,791,840	99.79%	41,647	26,833,487	99.95%
2015	27,436,607	27,399,573	99.87%	23,089	27,422,662	99.95%
2016	27,575,417	27,540,474	99.87%	14,826	27,555,300	99.93%
2017	29,228,388	29,177,546	99.83%	31,153	29,208,699	99.93%
2018	29,830,035	29,690,738	99.87%	39,297	29,730,035	99.66%
2019	29,973,389	29,919,498	99.82%	36,505	29,956,003	99.94%

Source: Transylvania County Tax Department

TRANSYLVANIA COUNTY, NORTH CAROLINA
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Governmental Activities						Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	General Obligation Bonds-Premium	Qualified School Construction Bonds	Installment Financing Contract	Capital Lease	Other Bonds						
2010	12,645,000	23,590	1,609,659	2,610,000	-	-	-	16,888,249	1.63%	543		
2011	10,695,000	20,478	1,465,496	2,416,667	-	-	-	14,597,641	1.43%	441		
2012	8,770,000	17,366	1,321,333	2,223,334	33,920	-	-	12,365,953	1.23%	372		
2013	6,885,000	14,254	1,177,170	2,030,001	61,638	-	-	10,168,063	0.95%	306		
2014	5,000,000	11,142	1,033,007	1,836,668	44,108	-	-	7,924,925	0.74%	239		
2015	3,140,000	8,030	757,038	1,643,335	26,578	-	-	5,574,981	0.51%	167		
2016	1,300,000	4,918	648,890	3,197,210	20,967	-	-	5,171,985	0.44%	153		
2017	520,000	1,806	540,742	2,883,380	5,958	-	-	3,951,886	0.30%	116		
2018	-	-	432,592	2,569,548	-	-	-	3,002,140	0.22%	87		
2019	-	-	324,446	2,168,809	-	-	-	2,493,255	0.17%	70		

(1) Information not yet available for 2017

TRANSYLVANIA COUNTY, NORTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

TABLE 11

UNAUDITED

Fiscal Year Ended June 30	General Bonded Debt Outstanding			Total	Percentage of Personal Income	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	General Obligation Bonds-Premium	Less: Amounts Available in Debt Service Funds				
2010	12,645,000	23,590	-	12,668,590	1.43%	0.21%	407
2011	10,695,000	20,478	-	10,715,478	1.23%	0.18%	324
2012	8,770,000	17,366	-	8,787,366	1.05%	0.14%	264
2013	6,685,000	14,254	-	6,699,254	0.87%	0.11%	202
2014	5,000,000	11,142	-	5,011,142	0.62%	0.08%	151
2015	3,140,000	8,030	-	3,148,030	0.47%	0.05%	94
2016	1,300,000	4,918	-	1,304,918	0.29%	0.02%	39
2017	520,000	1,806	-	521,806	0.11%	0.01%	15
2018	-	-	-	-	0.00%	0.00%	0
2019	-	-	-	-	0.00%	0.00%	0

Notes: Details regarding the County's outstanding debt can be found in the notes to the basic financial statements.
See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

TRANSYLVANIA COUNTY, NORTH CAROLINA
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

TABLE 12

UNAUDITED

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 475,559	\$ 477,794	\$ 479,109	\$ 480,073	\$ 492,518	\$ 487,871	\$ 490,429	\$ 458,280	\$ 465,648	\$ 459,307
Total Net Debt Applicable to Debt Limit	16,865	12,366	10,168	7,925	5,575	5,575	5,172	3,009	3,002	2,493
Legal Debt Margin	\$ 458,694	\$ 465,428	\$ 468,941	\$ 472,148	\$ 486,943	\$ 482,296	\$ 485,257	\$ 455,271	\$ 462,646	\$ 456,813
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	3.5%	2.6%	2.1%	1.7%	1.1%	1.1%	1.1%	0.7%	0.6%	0.5%

Legal Debt Margin Calculation for Fiscal Year 2019

Total Assessed Value	\$ 5,741,332,864
Debt Limit (8% of Total Assessed Value)	\$ 459,306,629
Amount of Debt Applicable to Debt Limit:	
Bonds	\$ 324,446
Installment Contracts	2,168,809
Capital Leases	-
Total Amount of Debt Applicable to Debt Limit	\$ 2,493,255
Legal Debt Margin	\$ 456,813,374

Note: NC Statute GS159-55 limits the county's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal. The legal debt margin is the difference between the debt limit and the County's net debt outstanding applicable to the limit and represents the County's legal borrowing authority and funding and refunding bonds not yet issued.

**TRANSYLVANIA COUNTY, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

TABLE 13

UNAUDITED

Fiscal Year Ended June 30	Population(1)	Personal Income (2)	Per Capita Personal Income (2)	Public School Enrollment(3)	Unemployment Rate(4)
2010	31,095	1,033,164,000	34,207	3,663	8.60%
2011	33,090	1,023,272,000	30,937	3,554	8.80%
2012	33,275	1,007,674,000	30,703	3,531	9.60%
2013	33,188	1,073,785,000	32,689	3,567	8.80%
2014	33,220	1,072,817,000	32,605	3,517	6.20%
2015	33,428	1,094,188,000	33,112	3,523	6.00%
2016	33,745	1,178,560,000	35,487	3,462	4.80%
2017	34,139	1,331,011,332	38,988	3,402	4.20%
2018	34,575	1,392,127,800	40,264	3,397	4.00%
2019	35,777	1,505,138,390	42,070	3,329	4.30%

Data Sources:

- (1) Population projections from the N.C. Planning Office, using the 2018 certified number for 2019, which is the latest certified figure available.
- (2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year.
- (3) N.C. Department of Public Instruction, First Month Average Daily Membership.
- (4) Unemployment rates as of the end of the fiscal year from the N. C. Department of Commerce.

**TRANSYLVANIA COUNTY, NORTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

TABLE 14

UNAUDITED

Employer	2019		2010		Percentage of Total County Employment
	Employees	Rank	Employees	Rank	
Transylvania County Board of Education	500-999	1	500	1	4.1%
Transylvania County Government	250-499	2	335	3	2.7%
Healthcare Corporation of America, Inc	250-499	3	421	2	3.5%
Brevard College	250-499	4	174	4	1.4%
Ingles Markets, Inc.	100-249	5	149	5	1.2%
Gaia Herbs*	100-249	6	126	8	1.0%
City of Brevard	100-249	7			
Transylvania Vocational Services	100-249	8	125	9	1.0%
M-B Industries	100-249	9	140	6	1.1%
Wal-Mart Associates Inc.	100-249	10	111	10	0.1%
Ivy Hill Retirement Home			138	7	1.1%
Total Jobs (per BEA)	15,049		2,081		17.2%

Information based on data from the North Carolina Department of Commerce

Note: Employment figures are presented in a range in current year to capture seasonal inflows and outflows.

TRANSYLVANIA COUNTY, NORTH CAROLINA
 FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
UNAUDITED										
Governmental Activities										
General Government	50	46	49	48	48	48	48	50	51	53
Public Safety	130	130	137	139	137	138	139	139	141	139
Transportation	9	9	9	9	9	9	9	9	9	8
Economic and Physical Development	3	2	2	2	3	3	3	3	3	3
Environmental Protection	2	2	2	2	2	2	2	2	2	2
Human Services	95	90	90	90	92	95	96	97	98	97
Cultural and Recreation	27	27	29	29	29	29	30	30	31	31
Total Governmental Activities	316	306	318	319	320	324	327	330	335	333
Business-Type Activities										
Solid Waste	19	17	16	16	16	16	16	16	17	18
Total Business-Type Activities	19	17	16	16	16	16	16	16	17	18
Total All	335	323	334	335	336	340	343	346	352	351

Source: County Human Resources Department

Note: This schedule represents the number of persons employed as of June 30 of each year. Vacant positions are not included in the above numbers.

TRANSYLVANIA COUNTY, NORTH CAROLINA
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

UNAUDITED	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Registered Voters	23,516	23,224	24,070	24,028	24,017	23,643	24,376	25,003	25,763	24,573
Number of Tax Bills (excl motor vehicles)	30,615	30,207	30,159	30,159	30,136	30,073	29,999	29,934	29,930	25,118
Public Safety										
911 Calls	44,361	47,944	49,045	48,094	47,001	48,286	50,444	50,247	51,981	55,763
Building Permits Issued*	1,133	1,160	1,034	1,070	1,100	1,346	1,464	1,548	1,929	2,114
Planning										
Subdivisions approved	18	3	0	3	9	18	11	14	13	9
Cell towers permitted	1	0	0	2	0	0	2	2	1	1
Solid Waste										
Total Collection Use (rounded)	340,000	352,000	362,000	353,000	349,000	333,000	371,000	379,000	380,000	385,000
Tons disposed	22,328	19,495	21,578	19,935	21,302	24,068	27,270	26,951	58,048	56,096

* Includes permits for renovations, alterations, remodels, and mobile homes as well as new construction

TRANSYLVANIA COUNTY, NORTH CAROLINA
 CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

TABLE 17

UNAUDITED	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function/Program											
Public Safety:											
Sheriff Department											
Stations	1	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	64	66	66	66	66	66	69	71	79	80	80
Culture and Recreation:											
Libraries	1	1	1	1	1	1	1	1	1	1	1
Parks	4	4	6	6	6	6	6	5	5	5	5
Acreage	55	55	74	74	74	74	74	74	74	74	74
Athletic fields	7	7	7	9	9	9	9	9	8	8	8
Recreation centers	1	1	1	1	1	1	1	1	1	1	1